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FINANCIAL TIMES

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Friday February 26 1982

***30p

AVIA
QUARTZ
CLOCKS

NEWS SUMMARY

GENERAL
Lobby for better youth job deal

About 2,000 young people lobbied Parliament yesterday protesting at the Youth Opportunities scheme. The lobby was backed by unions and Labour MPs, including Tony Benn. They were demanding better pay, and said they were being used to price full-timers out of the market.

Employment Secretary Norman Tebbit described them as "an unrepresentative group with unreasonable demands."

Mr Benn responded at a mass meeting. "It is a wild expectation that people should have the right to work."

BUSINESS
Equities turn dull; gold puts on \$2½

● **EQUITIES** were initially boosted by the successful debut for Amersham, the radioactive chemical group, but later turned dull after the ICI preliminary results. The FT Industrial Ordinary Index, which was ahead 6 points in the morning, closed 0.8 lower at 531.8. Page 34

● **GILTS** resumed their advance after two days of falls and longs rose a point while gains in shorts extended to 4. The Government Securities Index closed 0.47 higher at 66.86. Page 34

European court rules on caning

The European Court of Human Rights ruled that corporal punishment of children in school against their parents' wishes was a breach of the Human Rights Convention.

Hardline offensive

Harliners on the Polish Communist Party's central committee kept up a sustained offensive at its meeting in Warsaw. Page 2

Peace summit call

The Archbishop of Canterbury called for a world peace summit of Christian leaders.

Fares backing

Top permanent officials of the Greater London Council backed the campaign to change the law on transport subsidies for the first time. Page 7

Concorde cost

It would be more expensive to stop public support for Concorde than to continue it, the Department of Industry said. Page 7

Hull City crisis

Hull City, the fourth division football club, called in a receiver. Page 6

Libel award

Rugby hero J. P. R. Williams was awarded £20,000 libel damages over national newspaper stories that called him a "shambler."

Airport 'fiddle'

Fiddles at a Heathrow airport left luggage office earned staff about £24,000, a court heard.

Hinckley trial

A U.S. Federal Court judge ordered John Hinckley to stand trial on March 9 for the attempted assassination of President Reagan last year.

Rapist gets 'life'

A barman who "spiked" a woman's drink, then raped her, was sentenced to life imprisonment at the Old Bailey.

'Bounty' offer

A businessman has offered a £5,000 reward for information leading to the arrest of a rapist who attacked a 17-year-old in South London.

'Kidney finder'

Yorkshire Regional Health Authority is appointing a "kidney finder" to help overcome a chronic shortage of organs for transplant.

Tyre recycling

The world's first commercial scale plant to produce oil, solid fuel and scrap steel from used tyres will be set up in the West Midlands. Page 6

Smart retort

Nine-stone pensioner Dick Studden, 72, hit out at two thugs who tried to mug him in Plymouth. The former boxer may have loosened some of their teeth.

Briefly . . .

Hungry pigeons closed one of the main Soviet Black Sea civil airports.
Elephant conservation fund in Sri Lanka will be launched by Prince Philip.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES:	Treasury 8½pc 84-86 531+1	Treasury 12½pc 1987 89+1	Dixor-Strand 19+3	Hinton (A) 320+10	Hoover (A) 03+3	House of Fraser 170+4	Northern Foods 162+4	Rock Darham 16+2	Zetters 81+4	KCA Int. 94+8	President Steyn 144+1
FALLS:	GEC 812-7	Gill and Duff 165-7	Hallam Sleigh 10-3	Johnson Matthey 263-9	Plessey 355-12	Stocklake 113-7	Thorn EMI 450-18	Tuonel (B) 560-18	Ultramarc 390-10	Bond Corp. 90-18	Renison 185-35

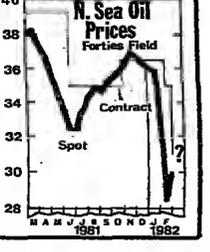
Pressure on BNOC may force \$3-\$4 cut in oil prices

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil prices are about to be cut—possibly by as much as \$3-\$4 a barrel—following industry pressure on British National Oil Corporation. It will be the second price reduction for UK crude oil this month.

The move will almost certainly force members of the Organisation of Petroleum Exporting Countries to review their own pricing and production levels. It will also hit UK Government revenues at a time when Sir Geoffrey Howe, the Chancellor, is preparing for a tax-cutting Budget on March 9.

A \$4 price cut would reduce Government revenues by about £1bn in a full year. However, after taking into account beneficial effects—such as lower industrial costs, a possible slight improvement in output and exchange rate movements—the net impact could be a need for an extra £500m of public borrowing.



Oil exports ahead of imports, Page 3
Oil prices under pressure, Page 20
Alberta oil project near collapse, Back Page
Selling by OPEC hits gold price, Back Page

Oil companies paying an average of about 85 per cent of net revenues in taxes, each \$1-a-barrel price cut reduces North Sea revenues by about £250m in a full year.

The Prime Minister warned on Wednesday that falling oil prices were "diminishing the Chancellor's limited room for manoeuvre" in the formulation of a mildly reflationary Budget.

Sbell UK and British Petroleum, two leading producers and refiners of North Sea crude, have led the call for further price cuts. Shell said it had formally requested BNOC to reduce rates for the remainder of the January-March quarter. A decision is expected in the next few days.

The oil industry pointed out yesterday that it could no longer resist the forces of the spot market. North Sea crudes have been traded at prices between \$28.50 and \$30 a barrel in recent days. Just as significantly, prices have also been tumbling in the products market.

OH companies which forced BNOC to lower prices by \$1.50 a barrel to \$35 on February 8 have told the corporation they want prices to be reduced again this time by about \$3.50 to \$4 a barrel. A \$4 cut would lower the reference rate for Forties oil to \$31 a barrel, back to the level in 1980.

If BNOC accepted a new reference price of \$31 a barrel, it would put the world oil market into even greater turmoil. Such a move would make the rate for high quality North Sea crude about \$3 less than Opec's reference price, based on inferior Saudi Arab Light oil, and up to \$6 less than official rates set by African producers of premium-grade crude.

But the state-owned corporation—the leading trader and price-setter of North Sea oil—is under pressure from the Treasury to keep the price reduction to a minimum. With

Amersham marked up 48p in first-day flurry

BY CARLA RAPOPORT AND PETER RIDDELL

SENIOR MINISTERS were embarrassed and concerned yesterday about the large premium on first stock exchange dealings in Amersham International, the radioactive materials producer which is the latest government-owned company to be sold off to private investors.

The Stock Exchange became a pin-striped gymnasium yesterday as the shares in initial trading soared to 190p, compared with the government's selling price in the prospectus of 142p.

At 8.20 am brokers swamped the "new" pitches where jobbers on the Stock Exchange floor were preparing to offer prices for Amersham shares.

Trading opened ten weeks minutes later, by which time jobbers were standing on their chairs to be seen and heard over the throngs of brokers.

The crowds of brokers thinned out fairly swiftly and shares settled to 185p at the day's end, with 50 shares outstanding. This price capitalises Amersham at £94m, or £23m more than the Government raised in its Amersham offer for sale.

One jobber said yesterday: "Joe Public has had a pretty good go at this thing. Lots of little people got shares and have now made off with a pretty good 45p profit on each one."

Dealers estimated that between 25m and 30m shares changed hands yesterday, more than half of the amount in issue. Small investors looking for a swift profit—the stage—fuelled the rush as large financial institutions eagerly mopped up the share on offer.

Many small investors were standing by their letter boxes yesterday, waiting to receive Amersham shares or returned funds.

Some 264,000 applications were made for the Amersham issue more than 23 times. A total of 220,000 applications were for 1,500 shares or less.

In the Commons a row broke out during Prime Minister's questions between Mrs Thatcher and Mr Michael Foot, leader of the Labour Party, over the decision to sell Amersham at a fixed price.

There was sharp disagreement recently in the Treasury

over the sale between Sir Geoffrey Howe, Chancellor, and Mr Nicholas Ridley, the Financial Secretary. Mr Ridley favoured sale by tender at a price determined by the market, but he was overruled. This judgment was being questioned yesterday by other ministers.

In the Commons Mr Foot said some of the Government's professional advisers who had been shown to have given the wrong advice had made "at least £1m out of it." It was later made clear that Mr Foot was referring to the merchant banking fees on the issue, paid by Rothschild and Morgan Grenfell.

Mr Foot said it was a scandal that state assets should be sold at knock-down prices.

Mr Michael Richardson, a director of Rothschild, said later that Rothschild and Morgan Grenfell earned a £310,000 fee between them. Mr Foot's £1m figure was "muddled thinking," he said.

Row prompts review of tenders, Page 5
Lex, Back Page

IBM unveils low-cost robot system

BY PAUL BETTS IN NEW YORK

IBM, THE world's dominant computer company, is to introduce a low-cost robotic system to perform a broad range of industrial tasks, from assembly to loading, unloading and packaging in factories.

The new system, called IBM 7335, will cost \$28,500 (about £15,400). IBM delivers the robots, made by Sanjyo Seiki manufacturing company of Tokyo to IBM specifications, will begin in the last three months of this year. It will be the first robot to be sold by IBM on the open market.

IBM said yesterday that it

was expanding a test marketing programme of a larger advanced robotics system called the IBM RS 1. This was unveiled in December, when 15 systems were installed in various manufacturing places as a test.

Announcement of the new low-cost IBM robotic system and the extended test programme for the more sophisticated RS 1 system are the fruit of 10 years' research in robotics, an IBM official said.

It was known four years ago that IBM had a system that could assemble electronic typewriters.

The low-cost system will be linked to IBM's new personal computer. The company announced its long-awaited entry into the rapidly expanding low-cost personal computer market in August.

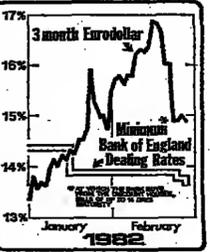
IBM said that the personal computer will be available in £ in New York

	Feb. 24	previous
Spot	\$1,835.00-836.00	\$1,830.00-820.00
1 month	0.01-0.06 pm	0.05-0.10 pm
3 months	0.08-0.43 pm	0.44-0.48 pm
12 months	1.00-1.80 pm	1.85-2.05 pm

Continued on Back Page

CONTENTS

Oil prices under pressure: Opec—hard choices ahead	20	Commercial law: no underwriters' indemnity for aircraft loss	17
Politics today: another penny for the Arts	21	Management: Hoover's hopes for survival	18
Technology: UK despairs of an automated future	10	Editorial comment: UK Budget prospects; challenge of the Caribbean	20
Property: U.S. banks in London	14	Lombard: John Wyles on the vacant Irish seat in Brussels	20
		Survey: new towns	12, 13



Interest rates ease again

By William Hall, Banking Correspondent

INTEREST RATES eased further yesterday, adding to pressure on the building societies to cut mortgage rates soon.

The Bank of England cut the minimum rate it buys bills from the discount market, in the course of its money market operations, by 3.116 of a percentage point and the Government's National Savings Bank, one of the main competitors of the building societies, cut its investment account rate by half a point to 13½ per cent.

UK money market rates generally, and Eurodollar interest rates, were only mar-

France and West Germany will take new initiatives in the face of the serious economic consequences for Europe of continuing high U.S. interest rates. This was announced by President Francois Mitterrand after the Franco-German Summit, Page 3

ginally easier on the day. In the UK, the seven-day inter-bank rate—one of the key influences on base rates—fell by ¼ of a point to 14½ per cent, although longer-term rates were either unchanged or a shade firmer.

Three-month Eurodollar rates fell ¼ to 14½ and Euro-Dm rates fell by a similar amount to 9 15/16 per cent.

News from Paris that France and Germany may be ready to take action to deal with the high U.S. interest rates made little impact on Eurodollar rates. Today's U.S. money supply figures are seen as more important in the short term.

The Bank of England did not operate in the money markets yesterday morning, but in the afternoon supplied £292m. Most of the intervention was by way of buying bills of between 15 and 33 days' maturity at rates ranging between 13½ per cent and 13 11/16 per cent. Its minimum buying rate was 3/16 down on the previous rate, before the base rate cuts.

President-elect quits German employers' group

BY KEVIN DONE IN FRANKFURT

HERR EBERHARD VON BRAUCHITSCH, senior deputy chairman of the privately-owned Flick industrial empire, has resigned as president-elect of the Confederation of West German Industry (BDI). This follows the decision by the Director of Public Prosecutions in Bonn to open investigations into his tax affairs and donations to political parties.

Herr von Brauchitsch has fallen victim to a growing political scandal in the Federal Republic concerning tax evasion and illegal contributions to political party funds.

No formal charges have yet resulted, but at least 1,000 individuals and companies are under investigation for possible tax evasion.

The investigations concern allegations that some donations to party funds have been passed through foreign banks to avoid the West German tax system and that corporations and individuals have used illegal methods to avoid the low ceiling set for tax deductible party campaign contributions.

The affair has already involved major figures in all the leading political parties and has

helped to feed rumours about the possible resignation of at least one Cabinet Minister.

Attempts by the business managers of the Government and Opposition parties to introduce legislation, which would have had the effect of legalising retroactively many of the questionable procedures for making party donations, founded earlier this year on opposition from members of the Social Democratic parliamentary group.

The Confederation of West German Industry said yesterday it had been informed by letter by Herr von Brauchitsch of his decision to stand down.

He wrote that "the simple fact" that an investigation had been launched against him into alleged payments to political parties and the fact that it was unknown how long the investigations would last meant "a burden" for the BDI.

The executive committee of the BDI met barely a month ago, following announcements that the Bonn prosecutor was conducting preliminary investigations, to confirm its support for Herr von Brauchitsch's appointment as the chief spokesman for

Continued on Back Page

ICI profits up 18%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries' pre-tax profits rose by 18 per cent last year to £335m. And the group's net earnings showed a £206m swing into the black, going from a £20m loss in 1980 to a £186m profit in 1981.

Despite the market improvement in its performance, ICI, said yesterday, there was "considerable uncertainty over economic prospects for the remainder of 1982 in all major markets" and added that there was "no firm evidence yet of sustained improvement in demand."

Nonetheless, the board declared a second interim dividend of 10p which will mean a total Ordinary dividend of 19p for the year against 17p in 1980.

The group, Britain's biggest manufacturing company, had chemical sales last year of £5,750m—12 per cent higher than in 1980. The increase came mainly from overseas. Oil sales, derived largely from its stake in the North Sea Ninian field, increased by 45 per cent to £831m.

Losses on the hard-pressed fibres business were slashed from £96m in 1980 to £36m, and the company has high

hopes that the sector will break even in 1982. Losses on the equally troubled petrochemicals and plastics operations were also sharply reduced from £79m to £54m.

Both Sir Maurice Hodgson, ICI's retiring chairman, and Mr John Harvey Jones, who will succeed him in April, said they were less confident of a recovery in the bulk plastics area than in fibres. Oil prices had a "destabilising" effect on the plastics market and the current recession in the U.S. meant there was a renewed threat of cut-price American exports coming across the Atlantic.

But Mr Harvey Jones said ICI had no plans to pull out of the bulk plastics business. The implications of such a move, he said, would be "horrendous."

Last year ICI cut its worldwide workforce by 10,300, with 9,600 jobs lost in the UK alone. Sir Maurice said the group had moved up the productivity "league table" in both the U.S. and Europe.

ICI shares which fell to 320p at one point yesterday closed at 329p, up 2p on the day.

Details, Page 22
Lex, Back Page

A selection of City Offices

57 London Wall, London EC2, 900-12,535 sq. ft. Refurbished.

4 Deans Court, London EC4, 3,275-10,575 sq. ft. Refurbished.

Southwark Bridge House, London SE1, 3,218-22,000 sq. ft. New a/c building.

130 Finsbury Pavement, London EC2, 40,000 sq. ft. Self-contained a/c building.

Bishop's Court, Artillery Lane, London E1, 53,555 sq. ft. New a/c development.

26 Finsbury Sq., London EC2, 71,000 sq. ft. a/c building.

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JAN 20 1982

EUROPEAN NEWS

France looks to state sector's new entrants for technological lead

BY TERRY DODSWORTH IN PARIS

A NEW catch-word is humming round the French government think tanks and research departments where industrial policy is made. The word is "filieres" and is meant to refer to vertical lines of production which stand—or fall—together.

The notion of "filieres" is important because it is fundamental to the massive restructuring of French industry which is planned as part of the Government's nationalisation programme.

All the five big industrial groups entering the state sector dominate one or more of these chains of production. Each of them is also positioned in areas of big potential technological growth. The task they are being set by the government theorists is to develop their specific filieres and thus become the champions of France's accelerated thrust into new product areas.

Describing this policy recently, M Pierre Dreyfus, the Industry Minister, made it abundantly clear that the new state sector chairmen, while promised independence on a day-to-day management level, will have to act within the basic framework provided by the filiere concept.

The days of financial wheel-dealing, dedicated to short term

profits, have been condemned to the industrial museum. Under the new Socialist order, state investment will be long term, designed to promote France's position in clearly defined areas which provide steady technological advance and therefore jobs and exports.

Four main integrated product areas have been chosen to carry the weight of this strategy after the reshuffling of interests between the different companies.

Chemicals: The Government believes this sector should respond better to the intellectual skills of an advanced industrial country like France—particularly at a time of increased research and investment spending. But the industry is in a disastrous position at present, split between seven different companies, widely dispersed geographically, and losing money heavily.

After a decade of piecemeal reorganisation, there are still no real competitors to the West German or U.S. giants and the sector leader, Rhone-Poulenc, is saddled with continuing problems in its synthetic fibres subsidiary.

From this hotbed of companies, some already nationalised (CDF-Chimie, Entreprises Mimere et Chimique and Elf

Aquitaine's interests), the Government aims to create three groups which will be "stronger, better integrated in terms of raw materials, and with more effective control over their markets."

Electronics: This filiere is regarded as the most decisive factor in maintaining the competitive strength of French industry, simply because electronic components lend themselves to a variety of uses, from new industries such as information systems to traditional products such as watches and toys.

An improved performance in this field is an essential element in France's efforts to win back parts of the domestic market through better technology.

France has no shortage of nationalised companies in this broad area, from Thomson to the CIT-Alcatel division of Compagnie Generale d'Electricite (CGE), Matra and Cii Honeywell Bull, the computer group. But the Government is faced with big problems in defining clear fields of interest, especially since this technology is often bewilderingly complex and fast moving.

According to M Dreyfus, initial policy lines have been drawn up to "accelerate" the use of electronics in industry



M Pierre Dreyfus... laying down basic framework

through action on several fronts. First, in components, where it appears that Thomson will be called on to act as a sort of sector leader; secondly, in the field of industrial electronics, with the development

of flexible factories, computer assisted design and so on; thirdly, in computers, where Cii Honeywell Bull is the obvious champion and is likely to be moved off from Saint-Gobain; and finally, in consum-

er electronics, where Thomson is again the only significant French manufacturer.

Health: The Government aims to extract more from the heavy spending on pharmaceuticals in France. Research expenditure will probably be stepped up to strengthen the pharmaceutical division of Rhone-Poulenc, newly nationalised, and Sanoel, a subsidiary of Elf Aquitaine, the already nationalised oil company.

Earlier suggestions that Roussel-Uclaf, majority owned by Hoechst of West Germany, would be injected into one of the other groups, have been discounted by a recent agreement which simply gives the state a blocking minority in Roussel shares.

There will also be a state funded scheme to promote the growth of bio-industries.

Materials: Saint-Gobain, Pechiney Ugine Kuhlmann and CGE all have strong activities in sectors such as glass, aluminium, building materials, fibres and ceramics. The Government believes, particularly in the latter, that there is considerable scope for developing these products, particularly in the energy saving field.

Boiled down in this way, the filiere idea may not seem much

different from the old fashioned French habit of massive restructuring, in which bigger was assumed to be better.

Yet the policy undoubtedly marks a change from the last Government's approach. It is not so deliberately concentrated on choosing extremely limited international market niches to attack with French products. The new state companies will also be given larger resources than most of them have been generating in the last few years.

Although the overall financial requirements of the industrial companies will be based on plans to be drawn up in the next three months or so, the Government has already indicated that it is setting aside about Ffr 10bn (€900m) over the next two years for capital requirements.

These will essentially involve Rhone-Poulenc, PUK and Thomson. Rhone-Poulenc is heavily over-borrowed at present, and is reckoned to have lost about Ffr 2.5bn over the last two years, while PUK lost Ffr 1.76bn last year, and the financial community in Paris believes that Thomson has sunk into a dangerous financial position over the last 18 months. Of the five big nationalised companies, only CGE and Saint-

Gobain are reckoned to be in good financial shape. However, even Saint-Gobain has suffered a big drop in profits after taking on the loss-making Oil business.

The new funds are to be pumped into these companies in the form of capital subscriptions—entirely advanced by the state—on borrowings from the national or international markets. This strategy is to reduce short term profit anxieties and allow companies to plunge ambitiously into new projects—a similar approach to that followed over the last few years in the nuclear power industry.

M Dreyfus insists that the groups must be managed in such a way as to realise sufficient profits to "ensure the development of the company," while investments should at the same time produce a normal return on capital.

If that is achieved, the Government's gamble on the most far-reaching nationalisation project in the industrialised West will have come off: if not, as a Parisian broker remarks, "the normal rules of capitalism will apply"—except, of course, that those footing the bill will not be shareholders who have chosen to take the risk, but every taxpayer in France.

Moscow warns Bonn over trade sanctions

BY LESLIE COLIOTT IN EAST BERLIN

THE SOVIET UNION has warned West Germany that it risks destroying Soviet-West German relations by joining in trade and political sanctions against Moscow by the North Atlantic Treaty Organisation and the European Community.

Radio Moscow's German language service said there was a discernible shift by Bonn away from its resistance to U.S. demands for sanctions against the Soviet Union over

Poland. The radio station, in a commentary carried prominently in all East German newspapers, warned West Germany not to "put the axe to the root of Soviet-West German relations" by taking part in economic and political sanctions.

The Soviet broadcasting station said that by restricting the movements of Soviet diplomats in West Germany, Bonn was trying to "paralyse" diplomacy between the two countries and to "freeze" contacts between their representatives.

It said West Germany was also annulling the effectiveness of a series of "economic-political" agreements with Moscow. Radio Moscow noted that, by allowing these agreements to be put on ice, Bonn would be "cutting itself to the quick."

A Nicaraguan military delegation yesterday began what the official East German news agency called an "educational visit" to East Germany to study the "development of sport in the armed forces of the GDR." General Heinz Kessler, East Germany's Deputy Defence Minister, called the visit by the Nicaraguan officers an expression of the intensifying friendship and co-operation "between our peoples and their armies."

Portugal's marine pilots strike

By Diana Smith in Lisbon

MARINE PILOTS in all Portuguese ports went on strike yesterday, as did ground staff serving foreign airlines.

Port pilots have been in dispute since February 16 and stopped work for 48 hours yesterday, blaming failure to agree on their contract. Foreign airlines staff, meanwhile, are striking over the refusal of management to grant a 30 per cent wage increase—11 per cent above the ceiling set by the Government.

For months, Portugal's ports have been disrupted by action by stevedores, merchant seaman or pilots.

Hardline chorus swells among Polish party's policy-makers

BY CHRISTOPHER BOBINSKI IN WARSAW

THE DEBATE at the Polish Communist Party's two-day central committee meeting, which was scheduled to end yesterday, has revealed a strong groundswell of hardline opinion in the party's top policy-making body.

Speeches published so far show that hardliners are aiming to toughen up General Wojciech Jaruzelski's policies and are out to purge the committee of its more liberal members. However, Jaruzelski, leader of the military council which is running the country as long as martial law continues, has not come under attack, nor have direct references been made to politburo members.

The hardline offensive started with Mr Kazimierz Skwara, a miner from the Zienowicz mine in Silesia, which was one of those which held out until

Christmas in strikes against martial law.

Mr Skwara formally put a motion that the plenum verify the 200 central committee members. "The rank and file have been verified," he said, "but the members are saying that a thorough verification is needed in the central committee itself." He called for the expulsion of the "ideologically hostile and the careerists."

Mr Jerzy Trzemeski, from the Warsaw steelworks party organisation—a considerable stronghold—backed up the call and said that the period after the summer of 1980 must be analysed. The party must rid itself of those who "are ever ready to participate in consecutive news," a description which could apply to many of Gen Jaruzelski's political supporters.

Another attack came from a Warsaw printer, obviously in tune with Mr Stanislaw Kocielec, the party first secretary in Warsaw, who is emerging as one of the foremost hardline challengers to the policies of the present leadership. The printer, Mr Albert Kosowski, lashed out at the "lack of consequence in the verification process among journalists in the radio, TV and the Press."

The attack also shows that the hardliners are no longer wholehearted in their support of Mr Stefan Olszowski, the Politburo member in charge of the media.

One speaker, Ms Zdzisława Gelska, called for the sacking of all school teachers who had been active in Solidarity members as unqualified to teach school children.

This announcement appears as a matter of record only. February, 1982

United Mexican States



DM 400,000,000

Medium Term Loan

Lead-Managed by

- Banque Européenne de Crédit (BEC)/ Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A. The Dai-ichi Kangyo Bank, Limited Deutsche Bank Gulf International Bank B.S.C. Compagnie Financière Luxembourg National Bank of Abu Dhabi The Long-Term Credit Bank of Japan, Limited

Managed by

- Associated Japanese Bank (International) Limited Banco Central, S.A. Banco Hispano Americano, S.A.

Co-Managed by

- Banco Popular Español S.A. FRAB Bank International The National Commercial Bank

Provided by

- Banque Européenne de Crédit (BEC) Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A. The Dai-ichi Kangyo Bank, Limited Deutsche Bank Compagnie Financière Luxembourg Gulf International Bank B.S.C. The Long-Term Credit Bank of Japan, Limited National Bank of Abu Dhabi Associated Japanese Bank (International) Limited Banco Central, S.A. Banco Hispano Americano, S.A. Banco Popular Español S.A. FRAB Bank International The Saudi National Commercial Bank International Trade and Investment Bank S.A. Slavenburg Overseas Banking Corporation Australia and New Zealand Banking Group Limited Banco di Santo Spirito (Luxemburg) S.A. Banco Pinto & Sotto Mayor The Chuo Trust and Banking Company, Limited (New York Agency) Sofis Limited The Yasuda Trust and Banking Company Limited UBAE—Arab German Bank S.A. Nippon Kangyo Kakumaru (Switzerland) S.A. Banco Espírito Santo e Comercial de Lisboa Banco Pastor, S.A. (London Branch) Intermex International Bank Limited Succursale de Luxembourg — Intermex Group — Kuwaiti-French Bank Union Bank of Finland (Singapore) Limited

Agent

Deutsche Bank Compagnie Financière Luxembourg

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البنك الأهلي التجاري THE NATIONAL COMMERCIAL BANK

PARTNERSHIP COMPANY—CR1588 BALANCE SHEET AS AT 29th. DHUL-HIJJAH 1401 (27th. OCTOBER 1981)

Table with columns for CAPITAL & LIABILITIES, BORROWINGS, PROFIT & LOSS ACCOUNT, OTHER LIABILITIES, CONTRA ACCOUNTS, PROPERTY & ASSETS, CASH FUNDS, DEPOSITS WITH BANKS, INVESTMENTS, LOANS, ADVANCES, FIXED ASSETS, OTHER ASSETS, CONTRA ACCOUNTS.

AUDITORS' REPORT: We have audited the above Balance Sheet and the accompanying Profit and Loss Account with the books and documents relating thereto of the Head Office and Branches of The National Commercial Bank (Partnership Company) limited by law, and with returns submitted by the Managers of the other Branches, and certify to be in accordance therewith.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 29th. DHUL-HIJJAH 1401 (27th. OCTOBER 1981)

Table with columns for EXPENSES, INCOME, and NET PROFIT FOR THE YEAR.

Paris and Bonn pledge interest rate action

By David Housego in Paris
FRANCE and West Germany will take measures to avert the serious economic consequences for Europe of high U.S. interest rates, President Francois Mitterrand said yesterday.

He was speaking at the end of his two-day meeting with Chancellor Helmut Schmidt at which the emphasis was on closer ties between the two states and more effective European collaboration.

His remarks were taken to refer to fresh attempts to persuade the U.S. to lower domestic interest rates, backed up by greater European co-ordination to influence exchange and interest rate movements.

Proposals to this effect are likely to be put to next month's meetings of European finance ministers and heads of government. French officials say there is sympathy within the U.S. Administration for European anxieties about interest rates.

They add that West Germany, worried by unemployment and the pressure on the D-Mark has increasingly come to share French views on this issue.

The declaration issued after the meeting spoke of joint initiatives on interest rates in which EEC co-operation would be sought to stimulate investment and induce industry to innovate and modernise.

It spoke of increasing Europe's weight in the world and said that both states sought real progress towards European union.

Implicitly referring to the sharp disputes over EEC agricultural prices and Britain's demand for a cut in its net budget contribution, it said the Community must resolve "in a spirit that transcends the interests of each member state, the difficulties which currently impede its working."

On East-West relations, the two states issued what Mitterrand called a "firm" declaration to the Soviet Union. But it was neither as strongly worded as some past French declarations, nor as cautious as earlier West German ones.

While expressing anxiety at the deterioration in East-West relations because of Poland, Afghanistan and Soviet rearmament, the two also spoke of continuing the dialogue with the Eastern bloc.

IMF sounds optimistic note on Turkey's economy

BY METIN MUNIR IN ANKARA

TURKEY'S ECONOMIC stabilisation programme met "encouraging success" last year, but "there is a need to persevere on the existing policy course and to stand ready to address any significant deviations from the programme," according to the International Monetary Fund's latest report on the country.

It is the first optimistic report since Turkey's economy deteriorated seriously in 1977 and estimates that the programme's targets were all met or exceeded last year.

The year-on-year rate of rise in consumer prices had slowed to 31 per cent by last November, it says, compared to 90 per cent at the end of 1980. There was a "striking acceleration in export growth," which reduced the current account deficit to 4 per cent of gross national product from 5.75 per cent in 1980. Real GNP, after declining in 1980, grew by 4.25 per cent.

On the negative side, private investment "remained subdued." Also, the recovery in economic activity "is not believed to have made much of a dent in unemployment, which remained at about 15 per cent of the labour force."

The report says that the Turkish Government is pleased with the progress but has "no illusions about the still considerable adjustment task that lies ahead."

"During the next two or three years," says the report, the economy needs to be positioned to be able to absorb the impact of the significant reduction in net use of IMF funds and other concessional government-to-government loans and to meet the much-enlarged debt service burden that will emerge in 1984.

At the same time, foreign currency reserves need strengthening to reduce the economy's still acute vulnerability to external shock. All this will require that foreign exchange earnings continue to rise and the external current deficit to decline.

The IMF believes there are four key elements in the next stage of the programme: A decrease in the rate of monetary expansion. A reduction in the PSBR. Continued vigorous implementation of exchange rate policy. Persevering with the policy of limiting wage and salary increases to the level of inflation.

The Government forecasts a 30 per cent rise in exports in dollar terms this year and to be able to finance a \$10m import bill, while at the same time reducing the current account deficit to \$1.5bn. The report, too, considers this to be feasible. It calculates that loans in the pipeline amount to more than \$1.1bn and that a further \$400m will need to be raised from other sources.

Papandreou visit underlines Nicosia's narrow options

BY DAVID TONGE, RECENTLY IN NICOSIA

TURKEY'S military rulers are believed to have appointed Professor Turhan Feyzioglu, (68), a leading conservative politician, as legal adviser to the Turkish Cypriot community in the intercommunal peace talks in Cyprus, writes Metin Munir in Ankara.

It is the first time since the military takeover 17 months ago that the generals have given a job of such importance to an MP who served in the disbanded Parliament.

They remain fundamentally divided on the nature of the state, the powers to be given to the central government and the extent to which the Turkish Cypriots—with 18 per cent of the population—should be given equality with the Greek Cypriot majority. But they have agreed on 22 lesser Articles.

To the outside world, these may seem withered fruit, but in Cyprus such developments mark movement. Still, the prospects for the future are at best mixed.

At the communal level, Mr Denktaş has seen his own mandate cut back in last year's elections and is now struggling to put together a fresh coalition. On the Greek Cypriot side all calculations are dominated by the prospect of Presidential elections in 12 months' time.

The Church and the Edeks socialist party of Dr Vassos Lyssaridis, oppose the intercommunal talks. Archbishop Chrysostomos asks visitors who press the reality of the situation: "Does realism mean one must kneel in front of the trip of Dr Papandreou, although UN and Western diplomats fear his trip could stiffen the backs of the Greeks and put a further hurdle in Dr Gobbli's path."

Under pressure particularly from the Labour Party, which is one of the three Government coalition partners, Mr Terlow promised to review whether Government investment "primitives" could count towards the spending total, how research and maintenance costs should be treated and how spending should be verified.

The Government has already persuaded Shell and Esso to make a firmer commitment to give preference to Dutch manufacturers.

Minister, that the companies had kept to the agreement. Shell and Esso Nederland, Exxon's Dutch subsidiary, have agreed to invest in the Netherlands Fl 14bn (£2,940m) of the Fl 15.4bn they expect to earn on Dutch gas in 1990-94.

Spanish rebellion trial mirrors national divisions

BY ROBERT GRAHAM IN MADRID

THERE IS a curious and unintentional symbolism in the sitting of the court martial for the abortive coup of last February.

The army ordnance depot where the trial is taking place lies at the edge of a nondescript Madrid suburb with tatty modern apartments and barracks encroaching on what was once open country and is now bleak wasteland.

This same uneasy coexistence between urban and rural Spain is being played out in the courtroom, where 32 officers and one civilian are being tried for rebellion.

A typical incident occurred on Wednesday when a defence counsel for Gen Jaime Milans del Bosch, one of the principal accused, asked to have his service record read out.

The president of the court martial interrupted and said that the distinguished general's record was well known—Gen Milans del Bosch being one of the most highly decorated officers in the Spanish armed forces. The defence counsel insisted, and the president acceded to the request.

The clerk of the court started reading very rapidly. Defence counsel immediately asked to have the record read at normal speed. The reading took almost an hour, going through every battle in the civil war and on the Russian front, and old words which Democratic Spain has sought to bury like fighting against "the Reds" (the Republicans) were revived.

The defence's intention was clear: to remind the court that it was dealing with a man of unquestioned valour and patriotism, who would never undertake any venture lightly or unconstitutionally.

The prosecution wants 30 years jail for the general who, as commander of the Valencia military region last February, is alleged to be one of the ringleaders of the attempted coup.

The uneasy coexistence between democratic Spain and the traditional values enshrined

Haughey brushes off leadership challenge

By Brendan Keenan in Dublin

MR CHARLES HAUGHEY yesterday brushed aside a challenge from Mr Desmond O'Malley, his industry spokesman, for the leadership of the Fianna Fail party which he received the unanimous backing of his parliamentary party.

Mr Haughey said later that he would continue discussions with the independents and minor parties with a view to forming a stable government when the Dail (parliament) meets on March 9.

There was a crucial intervention from Dr Martin O'Donoghue, the finance spokesman, whom Mr O'Malley had counted as one of his principal supporters, when he said that in the interests of party unity, there should be no vote.

Senior figures in the party also argued against a contest. One of these, Mr Jim Timoney, said people would not understand how they could vote for a party under one leader and find a different one within weeks.

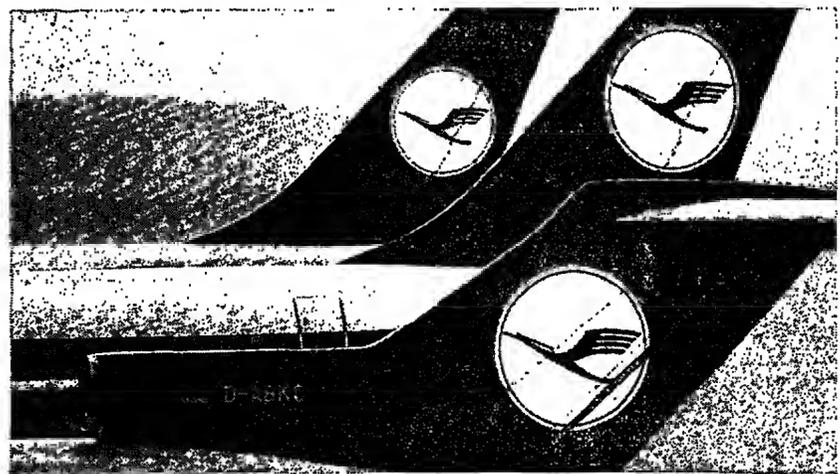
Mr O'Malley withdrew his challenge and accepted afterwards that the timing had been "awkward." But he said it was not of his choosing.

Mr O'Malley, aged 43, said he would stand for the leadership again when the time was appropriate and would be willing to serve in a cabinet under Mr Haughey. Mr Haughey said he would choose his cabinet on merit.

The Government parties under Dr Garret FitzGerald must now get down to the task of wooing the Left-wingers who hold the balance of power if they wish to continue in office after March 9.

Mr Haughey is still favourite because of the three extra seats he holds over the combined Government parties.

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OVERSEAS NEWS

INDIA'S BUDGET
Balancing act for Treasury

BY K. K. Sharma in New Delhi
WITH THE armed forces peering over one shoulder, demanding more money, and the International Monetary Fund peering over the other demanding austerity, Mr. Pranab Mukherjee, India's new Finance Minister, could be forgiven if he felt claustrophobic as he prepares his first budget for presentation to Parliament tomorrow.

Labour spurns Begin national unity call

BY DAVID LENNON IN TEL AVIV
THE OPPOSITION Labour Party yesterday rejected the call to join the government of national unity which was issued by Mr. Menahem Begin, the Prime Minister, and led to threats by the left wing to quit the party if it joined the coalition.

Israeli army seals four Golan Heights villages

BY OUR TEL AVIV CORRESPONDENT
THE ISRAELI army sealed off the four Arab villages on the occupied Golan Heights yesterday as a general strike by inhabitants protesting against Israeli annexation of the Syrian territory entered its 12 day.

Autonomy talks continue

BY ANTHONY McDERMOTT IN CAIRO
EGYPT AND Israel have come to no agreement over Palestinian autonomy in the Gaza Strip and on the West Bank, nor over the precise date of President Hosni Mubarak's first visit to Israel.

Key Cabinet members shifted in Kenya shuffle

BY MICHAEL HOLMAN
IN HIS first major reshuffle since succeeding the late Jomo Kenyatta in 1978, President Daniel arap Moi of Kenya has shifted two key members of his Cabinet.

AMERICAN NEWS

More scope planned for S and Ls

BY PAUL BETTS IN NEW YORK
NEW regulations were proposed yesterday to give broader powers to the troubled U.S. savings and loan industry. The proposals by the Federal Home Loan Bank Board, which regulates the U.S. thrift industry, will enable savings and loan associations (S and Ls) to offer money market mutual funds as well as engage in some security brokerage activities.

Talks on Sudan debt rescheduling

BY OUR FOREIGN STAFF
SUDAN'S CREDITOR countries are to meet in Paris next month to discuss rescheduling part of its foreign debt.

Lowest price rises for 18 months

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON
THE U.S. inflation rate slowed further in January, with consumer prices rising by only 0.3 per cent, the smallest monthly increase in a year and a half, the Labour Department reported yesterday.

U.S. budget deficits 'underestimated'

BY ANATOLE KALETSKY IN WASHINGTON
THE Reagan Administration has greatly underestimated the size of federal budget deficits over the next four years in its 1983 budget proposals, the non-partisan Congressional Budget Office reported yesterday.

Romania misses payment on U.S. agriculture loan

BY OUR WASHINGTON CORRESPONDENT
Romania has missed a payment of \$5.8m (£3.1m) on an agricultural loan for the U.S. Government's Commodity Credit Corporation (CCC), the Agriculture Department has disclosed.

Venezuela favours Opec meeting to boost oil price

BY KIM FUAD IN CARACAS
VENEZUELA favours an extraordinary meeting of the Organisation of Petroleum Exporting Countries (Opec) to consider ways of shoring up oil prices, Dr Humberto Calderon Bertel, Energy Minister said yesterday.

Mixed response to Caribbean plan

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT
REACTIONS TO THE U.S. initiative in Central America and the Caribbean announced by President Reagan in Washington on Wednesday have been mixed.

Ruling party split leaves S. African politics in turmoil

THE SPLIT in South Africa's ruling National Party widened yesterday as the ultra-conservatives led by the Minister of State Administration, Dr Andries Treurnicht, prepared to bid for control of the Transvaal branch of the party.



The rivals: Dr. Treurnicht and Mr. Pieter Botha

One Machiavellian but unconvincing theory is that Mr. Botha skillfully plotted for him to do just that. A second, and more likely alternative, is that the Right will resist compromise and will go on to form a separate grouping or organisation. One real possibility is that the rebels, most of whom are Transvaal MPs, will 'capture' the Transvaal branch of the National Party and set up in opposition to the parliamentary National Party.

Japan resists U.S. calls for trade concessions

BY CHARLES SMITH IN TOKYO AND PAUL CHEESRIGHT IN LONDON

JAPAN yesterday appeared to be stiffening its resistance to U.S. demands for trade concessions. Senior officials responded sharply to the suggestion of Mr Malcolm Baldrige that pressures for protectionism could not be checked unless Japan did "something dramatic."

But in Tokyo it was announced that Japan's five main economic Ministers will meet early next week to consider trade relations with the U.S. and initiate further action to defuse tension.

Mr Esaki was told in Washington, however, that Congress had been forced to consider means of redressing the problem of the growing Japanese trade surplus and what he termed Japan's unfair trade barriers.

Bahrain deal worth £184m won by Italy

By Mary Frings in Bahrain

SNAMPROGRETTE is to build and equip a \$350m (£184m) ammonia and methanol complex in Bahrain for Gulf Petrochemical Industries (GPIC), a joint venture between Bahrain, Kuwait and Saudi Arabia.

CONCERN OVER BUSINESS IN MID-1980s

World shipbuilding orders slip

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD shipbuilding orders slipped for the second successive quarter at the end of 1981 as the slow recovery which began in 1979 petered out.

Another Korean yard, Daewoo, has installed massive new capacity. The industries in Japan and Europe are concerned about such additions at a time when order are flattening.



Welding in progress at a Belfast shipyard

The Japanese point out that labour costs in Korean shipyards are well below their own, though productivity is far less. Since 1978, Korea's order book has expanded four-fold to nearly 3m gross tons.

Of the world tonnage under construction, 9.5m tons, or 58 per cent, is for export. Japan is building 3.3m tons for shipping lines to other countries, which is 69 per cent of the tonnage it has under construction.

	SHIPBUILDING ORDER BOOKS (m gross tons)				(Change on 1981 3rd quarter)
	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	
Japan	6.5	9.3	13.1	12.7	(-0.75)
S. Korea	0.7	1.3	2.5	3.0	(-0.02)
Spain	1.3	1.5	2.2	2.2	(-0.1)
Brazil	2.8	2.5	1.8	1.7	(0.2)
Taiwan	0.5	0.7	1.2	1.4	(0.16)
World total	25.9	28.3	34.6	35.3	(-1.1)

countered this view, pointing especially to recent Korean successes and the drop in their own orders. By far the largest part of the world order book, more than 50 per cent, is for bulk carriers, which attracted a spate of new orders up to 1980 when freight rates were well above current levels.

EEC plans to halve imports of Soviet consumer goods

BRUSSELS—The EEC Commission has announced proposals for halving EEC imports of a range of goods from the Soviet Union, in protest at the Kremlin's role in the Polish crisis, an EEC spokesman said.

Imports of such goods in 1980, the latest full year for which figures are available, totalled around \$1.1bn (£527m).

John Wyles adds: The European Commission is in review of the anti-dumping duty imposed in December 1980 on EEC imports of U.S. polyester yarn.

Propane close to rare earths deal with China

By Colina MacDougall

PROpane of London, mineral importers from China, is formalising an arrangement with the China Metallurgical Import and Export Corporation in Peking to become the sole agent for the import of rare earths from China into the EEC.

Gloom shrouds Swiss metals and engineering

BY JOHN WICKS IN ZURICH

THE SWISS METALS and engineering industry is suffering from sluggish world demand and the high Swiss franc exchange rate, according to a report issued by the country's Association of Machinery Manufacturers (VSM).

Foreign orders increased by a nominal 12.2 per cent over the whole of 1981 and by the final quarter accounted for over 68 per cent of all business.

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UK NEWS

Soccer's cash crisis claims first victim as Hull calls in receiver

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE FINANCIAL crisis in the English Football League claimed its first victim yesterday when Hull City, the Fourth Division club, called in a receiver.

Mr Chris Needler, City's chairman, said the club hoped to complete its fixture list for this season at least and the club, with its ground, would be put up for sale.

Weekly losses have risen from £7,000 to £9,000 and its balance sheet for the year to last April revealed an accumulated loss of £970,000.

That included an overdraft of £700,000, which the club's bankers required it to have.

This was done by a £325,000 loan from Mr Needler himself, who also guaranteed £225,000 of the rest of the overdraft.

Mr Martin Spencer, the receiver, was called in a few years ago to help sort out a

the Fourth Division for the financial crisis at Chelsea Football Club, of which he is now chief executive.

Mr Needler said the receiver would restructure the set-up at Hull, create a scaled-down subsidiary company out of the club and its ground and attempt to attract someone to take it on.

The existing company would go into liquidation. Hull has been averaging a rate of 3,000 and slipped into

first time at the end of last season. League club chairmen have just completed a two-day meeting at which they concluded that they had to put their own house in order before adequate amounts of outside money could be attracted into the game.

One estimate puts loans and overdrafts of the 92 league clubs at about £25m. Few have assets in the form of players to cover

adequately an increasing burden of debt. Many are immediately vulnerable to any withdrawal of support by the banks.

Bristol City was only recently saved from a fate similar to Hull's following a last-minute deal between its board and several players on the financial terms for ending their contracts.

Darlington has been in the midst of serious financial difficulties and Derby County's

severe debt problems appear to be reaching a head.

The Football Association said it believed Hull was the first professional club to call in a receiver. The only club to collapse in mid-season since the war was Accrington Stanley in 1962.

Bradford Park Avenue also went broke but went into liquidation only after it had completed its professional programme.

Plant will produce fuel from used tyres

By Lorne Baring

THE WORLD'S first commercial scale plant to produce oil, solid fuel and scrap steel from used tyres is to be set up in the West Midlands at a cost of about £6m. It will be backed by the Department of Industry and the European Community.

The plant, which will use about 50,000 tons of scrap tyres a year, will operate "pyrolysis" technology developed by Foster Wheeler Power Plant of the UK, which will hold a 17.5 per cent interest in the venture.

It will be operated by Leigh Interests, the Wolverhampton-based waste processing company, which will also hold a 17.5 per cent share in the new company, to be called Tyreco.

Tyres Ken Griffiths, managing director, said the plant would be at full capacity by 1984, producing 20,000 tons of light fuel oil a year, 17,000 tons of coal-like solid fuel and 7,000 tons of scrap steel.

"We have done some pilot marketing of the products and they have proved to be entirely acceptable."

Foster Wheeler and Leigh are each providing £550,000 in capital for the company. A further £4m has been raised through a private placing by L. Messel, in which Equity Capital for Industry, IFCG and County Bank are the biggest shareholders.

The Department of Industry has provided £1.1m and the EEC development fund £1.3m.

Arts Council post for Rees-Mogg THE chairman of the Arts Council of Great Britain will be Sir William Rees-Mogg, editor of The Times from 1967 to 1981. He will succeed Mr Kenneth Robinson whose term of office expires on April 30. Sir William's appointment will run until March 1987.

Sir William is vice-chairman of the BBC and proprietor of Pickering and Chatto, the antiquarian booksellers.

Benn warns of microchip 'threat' THE microchip could cause unemployment, social disruption and "tyranny in the guise of liberation," Labour MP Mr Tony Benn said in a film released yesterday.

"The people who are displaced by the new technology become unemployed, they have to be paid for out of taxation, and society then moves towards the social disruption that comes from high technology," he said in the film, New Technology—whose progress? made by a group called Education Media.

Police authority chief urged to quit LADY MARGARET SIMEY, the controversial 76-year-old chairman of Merseyside Police Authority was urged to resign yesterday by the chairman of Merseyside Police Federation, which represents 4,500 police officers.

Mr Fred Jones said remarks made by Lady Simey earlier this week, to a Home Affairs select committee, undermined the work of Merseyside police. Lady Simey had said a police officer—not a member of the Merseyside force—had sought vengeance after she had complained about the officer.

UK cigarette sales drop THE UK tobacco industry yesterday criticised a report from the European Commission which suggested that cigarette consumption in the UK had risen over the past decade.

Total UK cigarette sales in 1970 were almost 128m, while last year sales fell to about 110bn.

Warning on post sorting switch THE mechanisation of postal sorting would fall two years behind schedule through lack of funding, Mr Ron Dearing, Post Office chairman, said yesterday.

Next year the Post Office will have to repay £25m Government loans. The mechanisation programme is at the halfway stage, with 47 of the planned 84 sorting offices in operation.

Interferon 'clears colds'

BY DAVID FISHLOCK, SCIENCE EDITOR

HIGHLY PURIFIED interferon, produced both from natural cells and by genetic engineering, appears to prevent the common cold when sprayed up the nose. This is the conclusion of medical researchers from initial trials on 41 volunteers at the Medical Research Council's Common Cold Unit at Salisbury.

In an address to the Royal Society in London yesterday, Dr G. M. Scott reported that both types of interferon completely prevented colds in all volunteers tested.

The natural interferon had been obtained from Helsinki and highly purified by new British techniques at Cambridge. The genetically engineered

CEGB orders digital Telecom services

BY GUY DE JONQUIERES

THE Central Electricity Generating Board has become the first major customer for the digital communications services announced by British Telecom last month.

The order is the opening shot in the battle for the newly-competitive market for advanced business transmission services, which will pit British Telecom against the independent Mercury communications system to be built by a consortium led by Cable and Wireless.

Mercury is not due to start operating until the end of the year and its service will be limited initially to the City of London. Sir George Jefferson, British Telecom's chairman, said yesterday the CEGB order showed that this organisation could sell digital services now and provide them against demanding deadlines.

The CEGB, one of the country's biggest users of domestic telecommunications services, has also been held back by Mercury's hackers. It may decide to use the independent system as well as British Telecom in the future if Mercury offers suitable terms.

The order with British Telecom is for 11 high-capacity transmission links to be leased for £300,000 annually. The links, due to enter service in a year's time, will radiate from a central exchange in London and will cover about 1,000 miles.

The circuits will form the backbone of a nationwide private network which the CEGB is installing at a cost of more than £10m. It will connect the board's headquarters in London, its regional and divisional offices, the London Electricity Council, area electricity boards and one of the two Scottish boards.

The network will at first carry only voice messages between the different offices, which will also be able to dial into the British Telecom public telephone system. It will be extended later to carry computer data used to control the national grid.

Digital transmission provides faster and more efficient services than the older analogue technology still in use in most of Britain's telephone network. It also makes it technically easier to send computer data across the same circuits used for telephone communications.

Judgment on ACC bids expected on Monday

By Raymond Hughes, Law Courts Correspondent

NINE DAYS of legal argument provoked by the bitter takeover battle for Associated Communications Corporation ended in the Court of Appeal yesterday. Judgment is expected on Monday.

The three judges have to answer two questions about the conduct of ACC's directors in relation to the first offer for ACC made by Mr Robert Holmes à Court's Bell Group.

● Did the directors breach one of ACC's articles of association by accepting the offer at a price that did not conform with the pricing formula laid down in the articles? ● Did the directors act in breach of duty by entering into irrevocable commitments to transfer their own ACC voting shares to Mr Holmes à Court?

The judges' answers to these questions could decide the battle for ACC between Bell and the Green Group. Bell has made parallel offers of £36m and £46.5m; Heron has raised its original £46.5m bid to £49.4m.

It has been agreed that the court's ruling on Heron's appeal against the High Court's refusal to make temporary orders preventing the directors transferring their shares to Mr Holmes à Court will be a final order, avoiding the need for a full trial later.

Summing up Heron's case, Mr Peter Curry, QC, said the directors' breach of duty lay in their failure to give proper consideration to Heron's original offer.

Six events made up that breach, he said: ● On January 9 the directors accepted a five-day deadline imposed by Mr Holmes à Court for acceptance of his offer, and did not look for an alternative solution to ACC's problems. ● Not until January 13 did the directors contact Heron about the latter's approach two days earlier.

● They decided to accept the Bell bid without even seeing Heron's representatives. ● When they did meet Heron they gave it only 30-40 minutes to make up its mind whether to buy "a pig in a poke."

● They used an asset of ACC—an agreement with the Independent Broadcasting Authority to help Mr Holmes à Court. ● By committing themselves to Mr Holmes à Court they shut out all other offers for ACC.

British Gas set to make profits of over £300m

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS CORPORATION, which yesterday announced details of a 23 per cent rise in domestic gas prices, is set to make a current cost operating profit of well over £300m in the present financial year.

In addition, the corporation expects to hand to the Government a levy of £420m, in essence a windfall tax reflecting the low price paid by British Gas for some of its established North Sea supplies. This levy is treated as a cost by British Gas.

It is understood that the State corporation is on course to meet the Government-set financial target of a 2.5 per cent return on current cost assets.

In 1980-81, the last financial year British Gas exceeded this target and made an operating profit of £381m, a 4 per cent return on assets worth £9.6bn.

British Gas has still to calculate the financial effects of a complex supply pattern during the past 11 months. Domestic sales went up because of the cold winter.

On the other hand, industrial sales have been hit by the recession and by supply interruptions because of the need to meet peak demand from domestic and commercial customers in the past few months.

Even so, it seems that most of the profits have been generated from sales to commercial and industrial customers. Mr John Moore, Parliamentary Under-Secretary of State for Energy, said yesterday that British Gas would "barely break even" on domestic sales during the present financial year.

He was commenting on the corporation's announcement that domestic prices are about to rise again: by 12 per cent on April 1 and a further 10 per cent on October 1. The rises—bigger than British Gas had originally wanted—follow a directive from the Government that over the three years 1980-83 domestic gas prices should rise by 10 per cent annually in real terms.

British Gas said yesterday that customers living in a typical three-bedroom semi-detached house, using gas for central heating and hot water, would find their bills rising by an average of 53p a week in April and a further 53p a week in October. As a result, the annual bill for such a home would run at about £307.60 a year.

The National Gas Consumers' Council attacked the latest price rises. It said: "The council has argued for several years that the present government policy—of forcing gas prices up and creaming off the resulting profits—is an unfair burden on consumers. Rises should be 'no more than is required for the efficient operation of the industry.'"

Mr Moore said that domestic prices were being forced up partly to reflect the rising cost of North Sea supplies and partly to bring rates more in line with those paid by industry. He said that, even with the latest increases, domestic gas prices were cheaper in real terms than they were in 1970. Domestic gas prices were now about 45 to 60 per cent cheaper than competitive oil or electricity prices. Even after the April 1 rise, domestic gas would be 40 to 60 per cent cheaper than oil or electricity.

Oil exports soar ahead of imports

BY MAURICE SAMUELSON

BRITAIN IS now firmly established as an oil exporting country, with last year's shipments far outstripping imports for the first time.

The monthly Energy Trends, published by the Energy Department yesterday, revealed a 34 per cent increase in exports of North Sea oil last year and a 21.2 per cent drop in imports. Exports reached 51m tonnes from 38m tonnes in 1981. Imports fell in the year from 46m to 36m tonnes.

The figures reflect rising output in the British sector of the North Sea combined with flagging domestic demand caused by the recession. While production rose 11.1 per cent, home demand for petroleum fell by 4.2 per cent on a primary fuel input basis.

Over the year the UK's energy consumption dropped to the lowest level since 1965, to stand at 313.9m tonnes of coal equivalent, 3.7 per cent less than in 1980.

Coal production, from November 1981 to January 1982, fell 4.4 per cent to 31.3m tonnes. Gas supplies in the same period rose 6.5 per cent; this included a 15.9 per cent increase in the amount landed from the Norwegian sector of the Frigg field (which accounted for about 20 per cent of supplies).

Prices, on the other hand, continued to rise. Oil and motor spirit prices rose by 21 per cent over the 1980 level.

Britain suffers biggest tourism deficit

BY ARTHUR SANDLES

BRITAIN suffered its biggest tourism deficit last year as UK residents flocked abroad for their holidays and the number of overseas visitors to the country dropped.

The British spent £245m more abroad than the country earned from tourism, compared with a profit of £233m in 1980 and nearly £1bn in 1978. The only other deficit since 1967 was of only £1m, in 1973.

While 19m Britons went abroad last year, an increase of 9 per cent, only 11.54m visitors came to the UK, a fall of 7 per cent.

Provisional Department of Trade figures show that the number coming from North America rose by 3 per cent, but that there was a rise of 8 per cent in the number of UK residents crossing the Atlantic for their holidays.

Overseas visitors spent £3bn in the UK, while UK residents spent £3.3bn abroad.

In December 1981, 610,000 visitors came to the UK, a fall of 3 per cent on the previous December, and 750,000 British went abroad, a 9 per cent rise.

Sir John Goss, chairman of the British Tourist Authority, said the figures had held up well in spite of last year's bad weather and transport problems. Traffic had improved markedly since the summer.

Technicolor launches micro-video system

Raymond Snoddy reports on a low-cost challenger in the home movie market

WITH the aid of a parrot and the television dancing group Lipstick, Mr Freddie Grey, managing director of Technicolor UK, yesterday launched a micro-video cassette recorder.

The new Technicolor miniature video system uses a 1-inch tape almost the same size as a conventional audio cassette, and a 7 lb portable video recorder. It should cut by some 75 per cent the cost of making a seven-minute Smm film, at present about £10,000.

Tapes last 30 or 45 minutes, so that the system is aimed mainly at the home movie market. A two-hour tape will be available in summer, however, and Technicolor hopes it will then be able to compete in the mainstream video market.

Mr Ron Sulkin, managing director of Sulkin (UK), which is marketing the video system, said the system has produced the lightest smallest and simplest video system in the world, ready to take over from Smm sound film in an "image retention market" which is about to boom.

According to the company's demonstration, home video filming can now be done while skydiving or roller skating as well as while getting married. Dancers can carry the equipment while putting on a routine, without showing obvious signs of tiredness. Parrots can be recorded on cassette without losing their colour.

Mr Jack Minor, president of Technicolor Audiovisual of California, said sales of the micro-video on the continent were 10 times higher than in the US, and he expects similar results for the UK.

Although the Technicolor microvideo equipment is Japanese, both tape and battery are produced in the US. The company has already produced the prototype of an integral video camera and recorder, which Mr Minor hopes can be bought on to the market in 1985.

Hitachi, Matsushita, JVC, Philips and Sony have agreed outline specifications for another such integrated mini system to be marketed in 1984. Technicolor says its new microvideo offers instant replay of filmed material through the video camera's integral mini TV screen, allowing unwanted footage to be erased. Material can also be played back instantly in colour and sound through an ordinary television screen, but a tuner is required to record television programmes.

RHM claims lead in food from fungus

BY DAVID FISHLOCK, SCIENCE EDITOR

A DECISION is near on a £20m investment by Ranks Hovis McDougall on a new food made by biotechnology. Prof Jack Edelman, RHM's director of research, told a new-technology investment conference in London yesterday.

Prof Edelman said at a conference on investing in biotechnology, organised by Investment and Property Studies, that he believed RHM had a five to seven year lead over other food companies because of the trouble it had taken to get government approval for new protein.

The protein, mycoprotein, is produced from plant starch in the form of a fibrous edible food. It can be used to make palatable imitations of chicken, veal, ham and other high-protein foods.

Prof Edelman estimated that RHM had spent almost £30m, costing at today's prices, to bring its process to a stage where the development programme—involving 30-40 people at the High Wycombe laboratories—was almost finished. Much of the cost had been absorbed by toxicity end nutritional studies to satisfy the Government on safety. The next step would be a demonstration plant, producing 1,000 tonnes of Mycoprotein a year, says Prof. Edelman. It would cost about £1.5m and would be built alongside

the 50-tonne pilot plant. One tonne of mycoprotein could be converted into 20 tonnes of food products. But the critical investment decision would be the commercial plant, producing about 30,000 tonnes a year of the raw material—the optimum size, he said.

Prof. Edelman warned bankers and investment analysts of the long time scale involved. It was 18 years since Lord Rank, then chairman of RHM, made the first investment decision.

Lord Rank had taken "the far-sighted view" that RHM must start with a feedstock that was edible. In contrast to the protein-from-oil processes, and

that texture would be more important than either flavour or colour. The original target had been a technology making protein for the Third World, but in the 1970s it became clear that until it was established in the West poorer countries would not accept it.

RHM's laboratory canteen had served over 5,000 meals based on microprotein. "A surprisingly large proportion now choose them when they are available," said Prof. Edelman.

Dr Ralph Herdy, director of Dn Proton £200m (£10.9bn) a year research programme in the life sciences, warned the conference that it would

OVER INDIA'S Bal act Tre

By K. K. S.

THE Government's decision to sell HMS Invincible, Britain's newest aircraft carrier, to Australia has caused a storm of protest among British and Australian MPs.

The sale of the 10,500-ton vessel at the "bargain" price of £175m is likely to go ahead in spite of the protest, however, with delivery scheduled for the end of next year.

The sale, which has been under negotiation for months, was announced yesterday in Canberra and was confirmed by the Ministry of Defence in London.

Nearly 40 Conservative backbench MPs tabled a motion earlier this week calling for the sale to be halted.

Although there is deep unhappiness among Tory backbenchers, the protests yesterday on the floor of the House were more muted than expected.

In Canberra, the purchase of Invincible, which is to become the flagship of the Australian Navy, was criticised by some Labour MPs as unnecessary and by others as being the wrong choice.

Mr Bill Hayden, Labour opposition leader, repeated that a future Labour Government would sell it.

Britain has decided to sell Invincible, one of a class of three anti-submarine warfare (ASW) vessels, primarily for financial reasons: the Navy is bearing the brunt of defence cuts announced in last June's Defence Review.

The Ministry of Defence yesterday emphasised that the sale, with a £90m payment in this financial year and the remainder in 1983-84 would enable the Government to order more ASW frigates.

The Ministry also hopes that the deal will lead to more Australian defence purchases. Australia has recently been preferring U.S. defence equipment.

British critics of the deal see the loss of Invincible as weakening the Royal Navy's anti-submarine capability in the North Atlantic in the face of a growing Russian threat in the area.

The Government says that HMS Hermes, which was to have been phased out next year, will now be kept on for a further two years until Invincible's sister ships Ark Royal and Illustrious are decommissioned.

Critics claim that Hermes, whose retention costs must be offset against the revenue from the sale of Invincible cannot be an effective replacement for Invincible.

Following the June Defence Review, the Navy has a list of some 20 warships which must be sold or otherwise disposed of over the next two years.

Talks to be renewed on De Loreans for Budget

By John Griffiths

SIR KENNETH CORK, De Lorean Receiver, is to hold further negotiations with Budget Rent-A-Car on the possible sale of 2,000 De Lorean sports cars to the rental company. They would be added to its 100,000 vehicle U.S. hire fleet.

Sir Kenneth rejected an initial approach from the company on Tuesday, saying that the price being offered was not enough.

If a deal can be agreed, it would provide a major boost for Sir Kenneth's efforts to keep the De Lorean venture in business.

Budget is interested in acquiring 1,000 cars immediately and the remainder over 12 months. At the \$25,000 (£15,000) list price, this would represent an immediate injection of £15.5m and a similar amount later. Budget clearly is expecting a discount but yesterday stressed its interest in the cars was serious.

Mr Bob Front, its European president, said: "We have an agreement that Sir Kenneth wants to sell and we want to buy." He refused to confirm Budget reports that Budget had offered £20m for the cars—or \$18,000 each—declaring that "we don't want to embarrass Sir Kenneth by negotiating the price in public."

An order for 2,000 cars would take care of more than half the cars in the supply pipeline between the Belfast plant and the 350 U.S. dealers' showrooms. It would also provide desperately needed cash flow in the few remaining weeks until the spring selling season is expected to begin.

Sir Kenneth is due to return from the U.S. today after two days of talks with potential investors in the company. He is seeking £40m-£50m in extra finance.

Relat and Pal discuss no-war turn for the decision. The 1981 decision by the British Government to sell HMS Hermes, which was to have been phased out next year, will now be kept on for a further two years until Invincible's sister ships Ark Royal and Illustrious are decommissioned.

Top GLC officials back cheaper fares campaign

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE campaign by Mr Ken Livingstone, the Labour leader of the Greater London Council, to persuade the Government to change the law on transport subsidies was backed in public for the first time yesterday by top permanent officials of the GLC, led by Sir James Swaffield, the director-general and clerk to the council.

Until yesterday, Sir James and his permanent officials had remained discreetly apart from Mr Livingstone's campaign.

Yesterday, Sir James was joined by Mr Maurice Stonefrost, the GLC controller of finance, Miss Audrey Lees, the controller of transportation and development, and Mr John Fitzpatrick, the director of administration and the solicitor to the council, and Sir Peter Masefield, the chairman of London Transport, at a Press conference at County Hall, the GLC headquarters. They split out the consequences of the Lords' judgment in December, which outlawed the GLC's "fares fair" policy, and urged the Government to change the law to make higher subsidies legal.

LT expects that when fares double in three weeks time 18 per cent of passenger traffic will be driven away from the buses and tubes. The new fares will be twice those offered by urban transport authorities in Paris and Amsterdam, Sir Peter said.

Mr John Fitzpatrick, the GLC solicitor, said the Law Lords' ruling had made two things "eminently clear." There was now a pressing need for a clarification of the GLC's rights to make grants to LT. And changes had to be made to overcome the differences that now existed between the laws affecting the GLC transport operations and those affecting other local authorities.

Sir Peter Masefield called for two specific changes. He said that section five of the Transport (London) Act 1969 covering the GLC's requirement to provide services that "best meet the needs of Londoners," had to be clarified and so should section 7 about the need for LT to break even.

Mr Maurice Stonefrost, the GLC finance controller, pointed out that the government policy of penalising local authorities for spending above government-set targets, had the effect of almost doubling last year's supplementary rate over the level needed to pay for the low fares.

Air traffic rose 5.2% last month

By Michael Donne

The recent increase in UK air traffic continued last month, when the seven airports owned by the British Airports Authority handled 2.9m passengers, 5.2 per cent more than in the corresponding month last year.

This is regarded as a particularly good result, in view of the harsh weather earlier in the month, which caused some loss of traffic.

The rail dispute later helped to boost air traffic, although it prevented some passengers from reaching Gatwick Airport, where the 12.3 per cent rise in traffic would have been 15 per cent other wise.

As a result, domestic traffic out of Gatwick fell by 4 per cent and that to the U.S. by 7 per cent. But holiday charter traffic from Gatwick grew by 20 per cent.

At Heathrow, passenger traffic rose by 3.6 per cent to 1.92m, with domestic traffic gaining 12 per cent (because of easier underground rail connections to Heathrow), U.S. traffic gaining 3 per cent and other long-haul routes 7 per cent.

Cargo traffic also improved in January, by about 3.2 per cent, to 48,300 tonnes.

'Too dear' to stop Concorde aid

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CANCELLATION OF public support for Concorde would be more costly than to continue funding the project with taxpayers' money, the Department of Industry has told MPs.

Department figures, published in the report of the Commons Industry and Trade Committee, estimate that continuing public support would cost £5.9m over the five years to 1986-87. Cancellation would cost £34.2m over the same period, mainly due to severance payments on contracts for the provision of spares for the aircraft.

Both sets of figures have been revised down substantially since the beginning of last year, when the cost of continuing support over the five years was estimated at £56.7m and the cost of cancellation £47.5m.

The department says the cost of continuing support is reduced by including anticipated surpluses on British Airways' Concorde operations.

But the Commons committee is suspicious of the projected surplus. And in a strongly worded report it says it is "still dissatisfied" with the Government's efforts to reduce the amount of public money spent on Concorde, in spite of reductions made already.

It reiterates criticism made in its earlier report last year, that Concorde had acquired "a life of its own and was out of control." It stresses: "Much more effort still needs to be made to ensure that the British taxpayer does not have to provide more

Period	£m at constant September 1981 economic conditions				Ntc total
	Net project expenditures	Costs of continuation	Contractual costs/ receipts	Costs of cancellation	
1982-83	17.6	(+) 5.4	12.2	16.4	30.4
1983-84	9.1	(+) 7.4	1.7	(+) 0.3	3.7
1984-85	6.8	(+) 7.4	(+) 0.6	(+) 0.3	1.4
1985-86	1.5	(+) 7.4	(+) 3.9	(+) 0.3	(+) 0.8
1986-87	3.9	(+) 7.4	(+) 3.5	(+) 0.3	(+) 0.7
Present Totals	40.9	(+) 35.0	5.9	14.5	34.2
Previous Totals	85.0	(+) 28.3	56.7	19.8	47.5

money. The committee also wants a more equitable sharing of costs with the French partners in the venture. The imbalance "has been and still is very much in favour of the French."

In its evidence to the committee, the Department of Industry says that if public funds for Concorde were withdrawn, the aircraft may have to stop flying unless the airline and the manufacturers, British Aerospace and Rolls-Royce, agreed to bear the support costs.

British Airways has seven Concorde which fly regularly between London and New York and Washington.

The airline estimates that its Concorde operations will make surpluses of £5.4m in 1982-83 and £7.4m each year thereafter until 1986-87—a total of £35m.

By including these estimated surpluses in total Concorde

costs, the burden on public funds is substantially reduced. But, the Trade and Industry Committee is highly suspicious of this action as well as of the projected surpluses.

Its report says: "We doubt whether a future British Airways' surplus on Concorde can be described as public funds, despite the efforts of departmental witnesses to persuade us to accept that view."

The committee is also critical of views expressed by Mr Norman Lamont, Minister of State in the Industry Department, who said the British Airways' surpluses "are subject to the uncertainty of the market. They have to be tested."

An "imbalance" in favour of the French partners in sharing costs of the programme is attacked by the MPs who call for extra Government action to correct this.

In its earlier report, the committee had said: "Since the UK has borne more than 50 per cent of the costs so far (over £500m) and the estimated future costs show a widening disparity, we recommend that renewed efforts be made to secure equal sharing with France of the costs incurred to date and, if the project is to continue, to secure that future costs are also shared equally."

The committee is critical of the delays in settling this issue.

The Government is urged to draw up, in agreement with the French, figures showing the balance of advantage for or against continued use of public funds for Concorde.

Second Report from the Industry and Trade Committee (1981-1982): Concorde; Commons Paper 193, SO, £3.20.

Brewers expect 2% fall in beer output

BY GARETH GRIFFITHS

BEER PRODUCTION in the UK is likely to decline further this year, falling by 2.3 per cent against 1981. The market should level out next year, the Brewers' Society said yesterday.

A panel drawn from across the industry has produced estimates for 1982 and 1983 but refused to make longer-term forecasts. This uncertainty reflects the industry's confusion over beer demand.

Brewers are pinning their hopes for a recovery in demand on a rise in real disposable income. The prediction for a levelling-out of demand in 1983, with perhaps a 1 per cent rise, is based on an assumption that the economy will show some signs of recovery in late 1982.

The UK beer market totalled 38.7m bulk barrels in 1981, a fall of 4.9 per cent compared with 1980. The Brewers' Society said beer production in the UK last year at 37.7m bulk barrels, was lowest since 1973 and was 8.3 per cent lower by volume than the peak production of 1978.

Mr Derek Palmer, chairman of Bass and of the Brewers' Society, said yesterday that it would take time for the beer

trade to benefit from a recovery in the economy.

Mr Palmer said the number of licensed outlets grew substantially over the past 10 years. The total, including public houses, clubs and supermarkets, rose from 146,000 in 1971 to 174,000 in 1980. Non-public house outlets numbered about 100,000.

Meanwhile, the Campaign for Real Ale yesterday published its annual Good Beer Guide with a call for greater flexibility in public house opening hours. Mr Roger Protz, the guide's editor, said that the "nanny knows best" attitude of public house hours was out of date.

Camra is concerned about the condition of public houses. It is a fair bet that 20 of the 5,000 public houses mentioned in the guide will be due for demolition in 1982, another 20 will be boarded up or transferred into a house, shop or office, and 200 will have been altered so drastically that they would not be recognisable.

Good Beer Guide, £3.95, published by the Campaign for Real Ale, 34 Abam Road, St Albans, Herts.

'Spirit of competition' in Levi Strauss tab move

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

LEVI STRAUSS moved yesterday to defuse controversy surrounding its application for a trademark on labels sewn into clothing.

It said the application had been made "in the spirit of fair competition." The company added that it "encourages all its competitors to seek to distinguish their products by means of their own unique and distinctive marks."

"Only in this manner can manufacturers hope to compete freely and fairly and can consumers hope to distinguish among products with clear knowledge of who manufactures them."

The U.S. manufacturer has antagonised the British clothing industry by attempting to extend its trademark on the tab sewn into the left-hand seam of a pair of its jeans into what the industry considers to

be a trademark covering all labels. It has aroused further opposition by considering an extension to cover all clothing and shoes.

The original trademark covering five colours—red, orange, white, black or blue—was granted in 1972.

In 1977, Levi Strauss filed a further application, trademark application number 1,084,587, concerning "labels respectively coloured in red, orange, white black or blue sewn into the seam or flap of a pocket." This is still being considered.

The clothing industry is concerned that this second application would exclude any other manufacturer from using a tab in these colours in any garment. Levi Strauss said yesterday that this application was quite specific and related to "shirts, trousers, skirts, jackets and trousers."

Expulsion for car dealer

BY JOHN GRIFFITHS

THE MOTOR Agents Association, representing most of the UK retail motor trade, has expelled a former Yorkshire Toyota dealer for selling cars which had been "clocked" (had their mileometers turned back).

Mr Stewart Longhorne, managing director of Richard Jordan Motors of Brighthelmton, was jailed for six months under the Trade Descriptions Act last September. Toyota cancelled the company's franchise.

This is the first expulsion for

such an offence this year, as those who trade in cars are expected to face the association's disciplinary committee soon for similar reasons.

The association says fewer "clocked" cars have been sold since a spate of publicity about prosecutions last year.

It wants the Act changed to give wider powers of prosecution. At present, it is not an offence to turn back a mileometer, only to sell a car on which this has been done.

Wheel clamp plan opposed

BY JOHN GRIFFITHS

BRITAIN'S motoring organisations, the RAC, AA and Royal Scottish Automobile Club, have together condemned the proposed use of wheel clamps on illegally parked cars.

Mr David Howell, Transport Secretary, is considering legislation to let the police immobilise vehicles with the clamps and release them on payment of a substantial charge.

The organisations' joint standing committee yesterday said their use would merely

prolong an obstruction, and be regarded as an unreasonable and potentially dangerous method of enforcement.

It said this would prejudice police-public relations, and called instead for better parking facilities in towns and cities.

The clamps—invented in the U.S., where they are called Denver Boots, after the city in which they were first used—were likened by the committee to "man traps used in the old days to catch poachers."

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 - Artist (UK) Ltd, 160 Queen Victoria Street, London EC4V 4DA. Tel: 01-268 6499.
 - CHA Group, 1, 2 & 3 Angel Court, Market Harborough, Leics. LE16 0QR. Tel: 0535 63902.
 - Haskins Systems Development Ltd, Africa House, 64-76 Kingsway, London WC2B 6PC. Tel: 01-242 1951.
 - Management Control Systems, 3 Wynnstay Grove, Fallowfield, Manchester M14 6XC. Tel: 061-248 7100.
 - Orbit Computing Ltd, Marino House, 53 Galtsfield Road, Sandycove Co. Dublin. Tel: Dublin 800316.

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UK NEWS - PARLIAMENT and POLITICS

Suicide and scandal in the Commons of 1600

WEIGHING 11 1/2 lbs and running to 2,000 pages, the latest section of the official history of the House of Commons appeared yesterday after nearly 30 years in the making.

The author of the three bulky volumes, which cover part of the Elizabethan period 1558-1603, is Mr P. W. Hasler, general editor of the history, who was backed up by a formidable team of 42 contributors and researchers.

There is a long piece on Sir Francis Walsingham who, apart from being Queen Elizabeth's spy master, was successively MP for Basleyny in Cornwall, for Lyme Regis and for Surrey.

On another occasion he gripped that there was no councillor in her service "who would not wish himself in the furthest part of Ethiopia than to enjoy the fairest palace in England."

There is also a colourful "rogues gallery" of members. This includes one Thomas Chatterton, cattle thief and poacher, Thomas Fitzherbert (sic) who murdered his wife by poisoning, and William Gardiner, a false forsworn knave who swindled his father and then fled abroad.

It was claimed that she committed adultery with one William Kenrick who did used to walk under the said Agnes—her window in one night time, playing upon an instrument and make love to her when Sir Richard was from home in parliament.

There were many features which a present-day parliamentarian would recognise. There even seems to be the beginnings of a "law and order" lobby with one member vehemently complaining that there should be a more painful method of execution than the customary hanging, drawing and quartering.

John Hunt

Amersham row prompts review of tenders

BY IVOR OWEN

IN THE WANE of the profit-taking by new issue speculators on the shares of Amersham International the Prime Minister indicated in the Commons yesterday that more consideration is likely to be given in future to the use of tenders to dispose of state assets.

Government's professional advisers who had now been shown to have given the wrong advice had made "at least £1m out of it."

She pointed out that the offer price of 142p per share was decided over two weeks ago, and had been chosen on the firm advice of professional City advisers who believed that it was the highest price at which the whole company could successfully be offered.

The Prime Minister answered: "One takes the best possible professional advice."

Labour MPs scoffed when she suggested that it would have been quite possible to have put Amersham International on the market at a price at which it would not have been sold.

Fuel bills inquiry ordered

By Peter Riddell, Political Editor

MRS THATCHER has asked for an inquiry into the possibility of concessions to pensioners and low-income families over standing charges for gas and electricity.

Labour membership down 7% last year

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

FURTHER evidence of the problems facing the Labour Party came yesterday with the publication of new figures showing that the number of individual party members fell by around 7 per cent last year.

Edwards strongly critical of Welsh Water Authority

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR JOHN JONES, a businessman who has been serving with the Welsh Office, has been appointed by the Government to take over as chairman of the Welsh Water Authority.

In a statement later he made it clear that the Government would expect Mr Jones to develop the organisation of the authority "into the streamlined, efficient and businesslike body we all wish to see."

and the old board a month ago and told them he was disappointed to find that the authority "had not apparently adequately anticipated the decline in revenues arising from the recession."

Mr Donald Anderson MP (Lab, Swansea East) the committee chairman, stressed that the planned increase of nearly 20 per cent in the authority's 1982-83 charges had shocked public opinion, particularly given the Severn-Trent authority's comparable rise of only 7 per cent.

Mr Rees said that since water charges were equalised in 1975, the average Welsh water bill had risen only \$3.8 per cent whereas the England and Wales average rise had been 11.7 per cent.

Labour membership inquiry ordered

By Peter Riddell, Political Editor

The sharp rise in these charges has led to a wave of public protests to MPs.

National disaster fund plea

PLEAS for a review of the law on charities and for the establishment of a national disaster fund were rejected by Lord Belstead, Home Office Under-Secretary, in the Lords yesterday.

Australian Industry Development Corporation. ISSUE OF UP TO U.S.\$50,000,000. 15% PER CENT. NOTES 1987. THE GOVERNMENT is making \$500,000 available to set up an experimental Enterprise Allowance scheme in the Deeside area of Clwyd, Wales.

Government sets aside £1m for Clwyd enterprise plan

BY JOHN HUNT

THE GOVERNMENT is making £500,000 available to set up an experimental Enterprise Allowance scheme in the Deeside area of Clwyd, Wales.

Mr Alec Jones, Labour's Welsh spokesman, claimed that no part of Wales had escaped the "ravages of the Government's economic policies."

SDP spells out details of policy for job creation

BY PETER RIDDELL, POLITICAL EDITOR

ANY HELP to industry to pull out of the recession should be combined with temporary measures specifically designed to create extra useful jobs in the next two years.

that spending an extra £2bn a year for the next three years could generate half a million jobs.

Thatcher denies cheap labour

By Ivor Owen

INDUSTRY'S improved capacity to compete partly reflects the action taken to end over-manning, the Prime Minister maintained in the Commons yesterday.

Next week in parliament

COMMONS Monday: Travel Concession (London Bill), remaining stages; Northern Ireland Orders.

Standard Chartered announces that on and after 25th February, 1982 its Base Rate for lending is being decreased from 14% to 13 1/2% p.a. The interest rate payable on deposit accounts subject to seven days notice of withdrawal will be decreased from 12% to 11% p.a.

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State Bank of India announces that with effect from the close of business on 24th February 1982 its base rate was decreased from 14 1/2% to 13 1/2% per annum. The rate of interest payable on ordinary deposits was decreased from 12% to 11% per annum.

UK NEWS - LABOUR

Engineering unions seek new structure in mergers

BY JOHN LLOYD, LABOUR EDITOR

A SERIES of moves in the next few months will lay the foundations of a radically new structure for union organisation in engineering.

This may include a merger of the big engineering and electrical unions and a further merger of the sheet metal workers with other engineering technicians or a general workers' union.

The dominant union, the Engineering Section of the Amalgamated Union of Engineering Workers, will appeal against a judgment last November.

This upheld the certification officer's ruling that two of the AUEW's smaller sections, foundry and construction, could not merge with the Engineering Section because this would discriminate against the fourth, the white-collar section AUEW-TASS.

It is likely that the four sections of the AUEW and the major unions which want to amalgamate with the Engineering Section, would either try other ways of merging, or go their separate ways.

Both the foundry and the construction sections, especially the latter, have suffered sharp drops in membership and need to merge to lower costs.

Mr John Baldwin, general secretary of the construction section, has said he will try further legal moves to merge with the Engineering Section.

If these fail he will approach other unions in construction, such as the Electrical and Plumbing Trades Union and the Rollersmakers.

Mr Guy said he favoured the Tass merger, since he believed that the future for craft workers lay in increasing technical skills, and in the divisions between them and technical workers becoming blurred.

The Engineering Section wants a merger with the 420,000-strong EPTU, now barred because of the legal position.

Mr Terry Duffy, its president, said yesterday that he believed this "the most sensible course," and one he would pursue whatever the outcome of the appeal.

Informal contact between the various parties has failed to break the deadlock.

Civil servants condemn 4% wage offer

BY OUR LABOUR EDITOR

CIVIL SERVICE unions yesterday formally rejected the Government's 4 per cent offer, and repeated their call for the issue to go to the Civil Service Arbitration Tribunal.

A meeting of the Council of Civil Service Unions condemned the offer for "failing to respect undertakings given by the Government last year," and said it prejudiced the outcome of the Megaw inquiry into Civil Service pay.

The resolution said the offer "does not form the basis for negotiation" and called for it to be referred to arbitration as soon as possible.

The Council rejected, by seven votes to two, a move by the Institution of Professional Civil Servants to oppose the re-appointment of Mr David Calcutt, QC, the chairman of the Arbitration Tribunal, after his term of office ends next month.

The award was less than half of their claim.

However, the other unions with the exception of the small Association of Government Supervisors and Radio Officers, felt that any successor might be even less favourable to their position.

Sullom Voe workers accept pay deal

BY OUR LABOUR STAFF

PROCESS workers at the Sullom Voe oil terminal in Shetland who had threatened to strike over their annual wage claim, have settled their claim with BP, which operates the terminal on behalf of 32 companies.

The 130 workers accepted new terms including double time for Saturday overtime work and for the second eight hours of a double shift. BP will seek ways of cutting the cost for workers

of taking their families on holiday to the mainland.

The settlement includes BP's original offer of 7.5 per cent increase on basic pay and an increase in the Shetland Island allowance paid to terminal workers.

Management at BP's Grange-mouth refinery in Scotland are to meet process workers' leaders on Tuesday to discuss pay after a productivity-linked regrading exercise.

Negotiations are continuing on a demand for a one-hour cut in the working week to 39 hours.

More rail talks set as first peace bid founders

MR RAY BUCKTON, general secretary of the Associated Society of Locomotive Engineers and Firemen, yesterday struck firmly to the eight-hour day in the first negotiations with British Rail after Aslef called off its six-week campaign of strikes, writes Brian Groom.

The rejected BR's proposals for flexible rostering, with a working day of between seven and nine hours, at an hour-long meeting of the locomotive section of the Railway Staffs Joint Council.

The swift failure to agree was expected. The issue will now go to the next stage in the negotiating machinery, the Railway Staffs National Council, probably on Monday.

A repeat of yesterday's disagreement is almost certain. The issue will then go to the final stage of negotiations, the Railway Staffs National Tribunal, on March 15, 16 or 19.

It has yet to be decided whether the tribunal's findings will be binding. Aslef has made no signed agreement to vary the eight-hour day. If the union sticks to this line after the tribunal reports, BR may have lost its sanction by paying the disputed 3 per cent of last year's pay deal.

Times decision on titles deferred

BY IVO DAWNEY, LABOUR STAFF

THE DIRECTORS of Times Newspapers Holdings last night unanimously decided to defer a decision on the transfer of the ownership of the titles of the newspapers to the parent company, News International.

In a statement released after yesterday's meeting, the board gave firm backing to the chairman, Mr Rupert Murdoch, in his struggle to reduce manning levels on the Times and Sunday Times.

dependence of the papers, had not been consulted on the move. Yesterday's decision to defer discussions on the transfer will be seen by some union officials as strengthening their position in negotiations on job cuts.

It has been widely speculated that Mr Murdoch would be less willing to carry out his threat to close or liquidate Times Newspapers if the titles are not transferred.

A fresh appeal to clerical workers to accept voluntary redundancy, was made by the company yesterday, in a new attempt to reduce the 670-strong staff by 210.

In a letter received by clerical workers, Mr Murdoch gave a firm undertaking that all names of those applying for severance would be kept secret.

Airport staff to discuss 'backleggers'

By Our Labour Staff

HEATHROW Airport workers employed by foreign airlines and by the British Airports Authority are to meet today to decide whether to continue working with "black-leg labour."

British Airways has been using volunteers to maintain 80 per cent of its European and domestic flights from the airport in spite of a dispute over new work schedules with 2,000 ramp staff at Terminal One and Two.

Ramp workers' leaders claimed yesterday that not all the extra staff were volunteers. "There are a few press-ganged people," said Mr Mike McCorm, their representative.

Dock board reform plans to go for consultations

BY BRIAN GROOM, LABOUR STAFF

PROPOSALS FOR a big cost-cutting reorganisation of the National Dock Labour Board, which administers the statutory employment scheme for Britain's 18,000 registered dockers, yesterday cleared their first hurdle.

The full board, on which employers and dockers' leaders are equally represented, decided to put the plans out for consultation with all interested parties.

The 1 subsidiary local boards are likely to be the first to be consulted. Under the proposals, these would be replaced by five regional bodies. Smaller ports would be covered by local committees and the minimum of staff.

ing arrangements, and passing on responsibility for port medical centres and dockers' welfare to employers. The NDLB staff of 400 could be cut by a third.

Some ports may be concerned about extra direct expenditure involved in taking over some of the board's functions.

Dockers on the Tees whose strike, now in its 15th week has stranded some of the Thames Barrier's flood gates will vote tomorrow on a new pay offer.

Don't count your money if you know what's good for you

After all, the old pay day routine is a bit of a bore. All that mental exercise and just when you think you've got it right, you find you've got to issue back pay for the last three months. So let Group 4's Payroll Processing system take over where your last mental block left off.

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TECHNOLOGY

EDITED BY ALAN CANE

Land of hope but not much automated glory

WILL BRITAIN make it into the new era of manufacturing? GEOFFREY CHARLISH reports on the mood of mingled desperation and resignation at a London conference on automated manufacturing.

A FILM CLIP shown by a Unimation delegate at a London conference on automated manufacturing last week depicted a line of perhaps a dozen industrial robots making engines for Kawasaki motorcycles. No people could be seen in any of the shots.

the automation equipment makers and at research associations like PERA, precious few systems are actually making products in the UK. The organic, deep-seated changes that will have to occur in hoards, unions and investment sources if UK manufacturing is not to go under, were not widely discussed. Nor were the quite inevitable labour displacement problems that automation brings. It was almost as if the very intellectuals that were creating the new systems were determined to remove themselves from both pre-implementation dilemmas and social consequences.

Laboratory in East Kilbride, there may be now be about 75 operational FMS installations world-wide. Barring one at Normair Garret in Somerset, Law says that none are regularly machining production parts in the UK. They are nearly all in Japan, Germany and the U.S.

But a system now nearing completion at NEL is expected to be moved to a commercial location in the autumn: it seems that the 600 Group will shortly unveil its own development.

The NEL system is based on a study by Rover Automation and a Kearney & Trecker Marwin model 400 machining centre.

In the diagram, the two long conveyor sections are used for loading and unloading component-carrying pallets with ferrite strips on their underside that denote in the system both type and orientation of the component.

Turntables switch the pallets into one of the short conveyors, each side of the KTM 400 for loading by the shuttle forks and presentation to the machine table in a U-motion.

Finished parts are similarly extracted and placed on the short output conveyor on the other side. For a small throughput the centre bridging conveyor could be used for both loading and unloading.

But the NEL approach is modular, so that additional machines, conveyors and turntables could be added.

ing programs are all dealt with and properly associated in the console computer, suitable instructions being sent to the controller in the machining centre (which can still operate independently if required).

Mr J. Stokes of the Machine Tool Industry Research Association pointed out that, in truth, the move to CNC and machining centres was a much bigger step than the subsequent deployment of FMS, which simply automates handling and supervision. Even so, he showed that in a shop turning over £1.8m, savings of £160,000 were feasible with FMS, or an extra profit of 9 per cent.

Two shifts

Stokes cited existing unused capacity as one reason for non-implementation of FMS in the UK. But the other sounded all too familiar: "Lack of management confidence in tackling the problems that new technology presents."

Another of the advanced concepts—but still very much a concept for most manufacturers—is the integrated manufacturing system, IMS. Here, the object is to link, via computer and data communications, different kinds of process and operation and to control them in unison.

From Norwegian company, Kongsberg Vapenfabrik, Mr A. McMillan described a proposed system by which his company would link the processes of turbine blade production—casting, profile grinding, cleaning and dimensional checking.

A Cerrobend casting machine will feed two grinding stations via bi-directional conveyors and two robots. One of the robot stations, ultimately receiving all the finished blades, would feed them also to the cleaning and measuring stations.

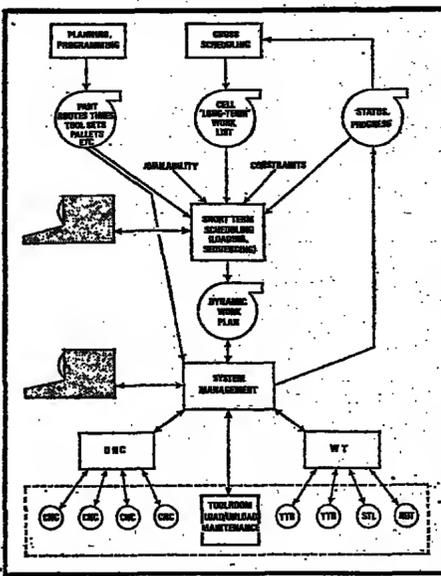
The study results show that a 75 per cent manpower reduction could be achieved with a 50 per cent productivity increase using two shifts.

From across the Atlantic, consultant R. H. Johnson painted what he saw as the final picture for manufacturing.

Most of the "alphabet soup" of 1982—NC, CUC, DNC, IMS, FMS, MIS, MICS, MOCs, CAD, CAM, CAE—would all disappear, he quipped along with the final acronym, CAB. (It stands for computer aided bankruptcy.)

They would all go he said, in more serious vein, because ultimately there are really only two elements to production: machine hardware and information.

Since the product, from some pieces of plastic and metal through to the boxed finality, is the common theme throughout, then so is the associated information. Cheap processors and communications are bound to link it all up.



Since the product, from some pieces of plastic and metal through to the boxed finality, is the common theme throughout, then so is the associated information. Cheap processors and communications are bound to link it all up.

The final question time seemed indicative of something however. It lasted about five minutes and a quick turn of the head revealed that about three-quarters of the audience had left. But it was five o'clock on a Friday.



Detection of flammable gases

A FLAMMABLE gas detection control unit has been introduced and is able to monitor up to 16 Sieger gas sensors simultaneously. Two pre-set alarm levels for gas concentration are available for each channel.

Sieger, 31, Nuffield Estate, Poole, Dorset (02013 6161) says that standard features of the FS16 model include R. F. interference suppression, open circuit sensor fault indication and delay circuits to inhibit unwanted alarm conditions. Models are available for AC or DC operation.

From Worcester comes news of the ED Mk 3 gas detection and control system for the detection of very small concentrations of flammable and toxic gases, including hydrocarbons, halogenised hydrocarbons, alcohols, ethers, ketones, esters and nitrogen compounds.

Electronic Devices, 48, Diglis Road, Worcester (0905 353555) says that the semi-conductor sensors are immune from poisoning by hydrogen sulphide, lead or silicones and will maintain an alarm condition at well above the upper explosive limit.

Hitachi goes plastic to beat 'soft' errors

BACK IN 1978, semiconductor memory manufacturers discovered nature had stacked the chips against them. The very materials they used to fabricate their memories contained radioactive impurities which throw off alpha particles which could change the contents of a memory location.

Now, Hitachi, the Japanese electronics giant, has announced what it claims is the industry's first 64K DRAM encased in plastic packaging. The design changes include higher cell charge storage capacities and higher signal read-out levels.

At present such devices can cost U.S.\$15 or less. Working at the other end of the production process, Harwell in the UK has developed a method of detecting radioactive impurities in chip-making materials.

Such tiny levels are not measurable directly. Horwell coats samples of the material with a substance which records the tracks made by radioactive emissions and bombards it with thermal neutrons in its materials testing reactor DDO. Uranium 235, a fissile isotope present as 0.72 per cent of natural uranium undergoes fission and the fission particles tracks are recorded.

Air Call to invest £2m on paging system

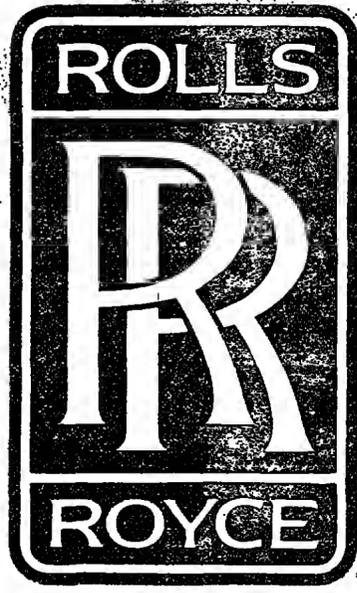
INCREASED demand for radio paging systems has prompted Air Call, one of the biggest companies in this field, to invest £2m to provide a more sophisticated paging service.

The advantage, is that subscribers feel more confident that messages get through to the person they want to contact, even though it is not possible to reply with tiny pages.

Large subscribers—with 20 or more pages—can opt to link into the computer by private telephone lines using a special keypad, so bypassing the human operator.

According to Air Call, the market will grow to 250,000 pagers in the next three years making it one of the fastest-growing sectors in the telecommunications service industry.

Rolls-Royce powers first Boeing 757 in the sky



Now flying, the new Boeing 757 took to the air with Rolls-Royce power. It has RB211-535 engines, which are already approved for airline service two years ahead of the nearest competitor. Thanks mainly to the Rolls-Royce 535 engine, the Boeing 757 will use up to 45 per cent less fuel per passenger than today's

727s. The best today, the 535 will be even better in the future incorporating Rolls-Royce technology advances which will maintain its lead over any other engine for the Boeing 757. ROLLS-ROYCE LIMITED, 65 BUCKINGHAM PALACE GARDENS, LONDON SW1W 9DP

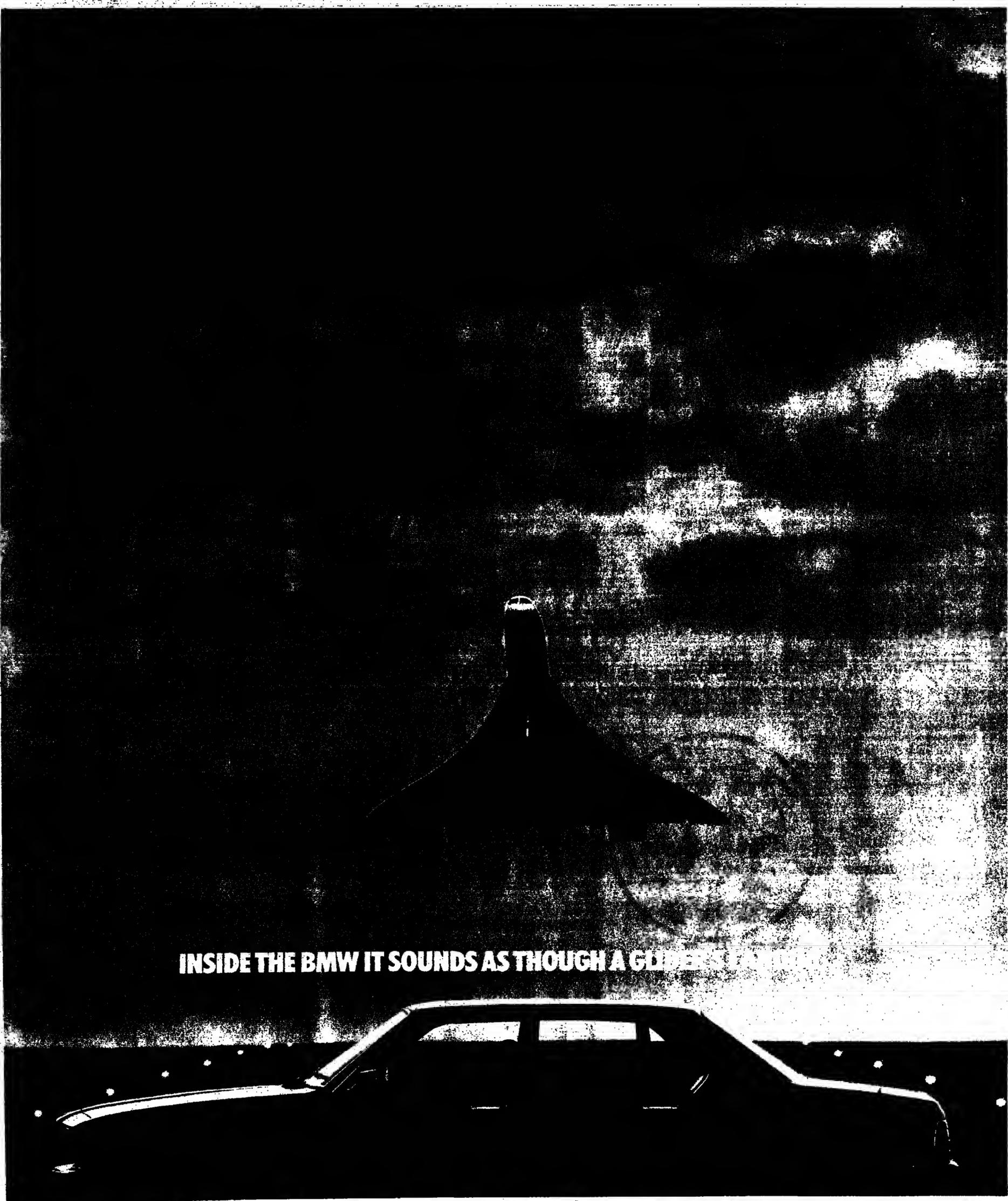
STAYING AHEAD IN THE RACE TO TOMORROW

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INSIDE THE BMW IT SOUNDS AS THOUGH A GLIDER'S

At 500ft when Concorde's coming in to land, the noise level on the ground reaches about 108 decibels.

At 500ft when a glider's coming in to land the noise level on the ground reaches about 62 decibels.

The difference is much more than it may appear to a layman: it actually represents over a thousandfold increase in noise intensity.

And, by a happy coincidence, it is exactly the same difference that BMW create between the outside and the inside of a BMW 7 Series in an extraordinary test carried out in their acoustic laboratory.

First, a car is picked at random for examination.

Then, 98 loudspeakers are positioned along every inch of the crucial gap that separates the doors from the bodywork.

It's here that wind noise can creep into a car, destroying the unruffled calm which should surround our passengers.

Then the volume is turned up to 108 decibels.

Inside, instruments monitor the precise level of sound that manages to penetrate to the interior.

If it's more than 62 decibels the car has failed to meet BMW's standard.

A standard which explains why wind noise is almost unheard of in a BMW 7 Series, even at the highest speeds.

It's a phenomenon that may surprise those who really know BMW for its performance reputation, with 31 international racing championships to its credit.

There are other creature comforts that maybe we've been silent about too long.

Like the leather seats that are available on the Special Equipment model. Or the electrically adjustable rear seats that can even change their backrest angle.

Or the electrically heated door locks that

prevent you from ever being frozen out of your car.

For BMW, such items are not mere afterthoughts.

For there is as much engineering involved in the pursuit of comfort as in the pursuit of performance.

And it was perhaps because BMW pursue both so successfully that What Car voted the 7 Series the best Directors' car of 1981.

In 1982 we can see no reason to change their opinion.



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BRITAIN'S NEW TOWNS

The new towns of the North East have played a useful part in offsetting the region's industrial decline. This report by NICK GARNETT reviews prospects in the light of coming changes in administration.

The North East

Act adds uncertainty to other problems

THE FIVE New Towns of the North East of England—along with the rest of Britain—are struggling with the effects of recession. Though the industrial structure of the area has undergone massive changes in recent years, and major environmental and infrastructure improvements have been implemented, there are still weaknesses.

Yet in this situation the three Government-sponsored New Towns, Peterlee, Newton Aycliffe and Washington—as opposed to their local authority cousins, Cramlington and Killingworth—suffer from an additional source of uncertainty.

The development corporations for these three are to be dissolved by December 1985 under the 1981 New Towns Act—albeit the timetable is subject to review. They were set up—Aycliffe and Peterlee immediately after the war, Washington in 1964—to create a community and industrial centre for areas deemed to have special employment and social needs that required such artificial creations. They were never meant to be more than temporary.

Winding-down of the corporations has already begun. Peterlee and Aycliffe have handed over their housing to the local authorities. Washington has yet to do so because of a continuing disagreement between central government and Sunderland Metropolitan Borough Council over terms. Industrial assets are to be sold to the private sector wherever possible, and the rest of the development corporation-owned facilities will also have to be released under the terms of the Act.

The development corporations have at least one view in common on this—that the dismantling of the corporations will simply leave a vacuum in a region which still needs a special form of economic pump-priming because of its traditionally high unemployment and industrial infrastructure weaknesses.

They say that local politicians

and businesses would not take kindly to having the job done by a London bureaucracy which in any case would probably be too remote to do it effectively. They also maintain that local authorities might be stretched to provide the necessary manpower. The special task identified for them will in no way be completed within the next four years.

The development corporation's case is not based solely on the needs of the region but also their record in attracting industry. It is one that includes many successes and revolves around the many features attractive to new industry with which the new towns are blessed and the kind of comprehensive deals they can offer. This view is shared by the two local authority new towns—Cramlington, which is run by the Blyth Valley Borough Council and



WASHINGTON

with a population of 27,000 projected to rise to 42,000 in the next nine years; and Killingworth, in the Metropolitan Borough of North Tyneside, whose population is due to rise to 19,000 from the present 14,000.

The new towns have different roots. The designation of Aycliffe and Peterlee, with populations of 23,000 and 26,000 respectively, immediately followed the setting up of the ring of new towns around London in 1946 to 1947. Peterlee was conceived as an employment centre for women—mainly from mining families. Its old industrial estate is still a big employer of women.

As the mining industry collapsed around Peterlee, however, it became evident that the

new town would have to try and attract industry and jobs for the redundant miners themselves. A second estate development of the 1970s has a much broader mix of industry than the old one, and a preponderance of male workers. Planners looked at the old ordnance factory at Newton Aycliffe after the war and decided that it should be transformed into an industrial estate. The development corporation took this over only in 1973 and argues that because it was just one of a number of commitments of its previous controller, the English Industrial Estates Corporation, its development had been somewhat slow.

Washington, designated almost 20 years after the former two, was created close to a string of worn-out mining villages. It has a powerful purpose-built feel about it. The 18 villages that make up Washington have a population of 55,000, with a target of 80,000 by the turn of the century.

The corporations argue that they have been very cost-effective in comparison with other organisations in the task of job creation. An independent analysis for the Department of Industry in the late 1970s showed that each new job at Peterlee had cost £2,800; this compared with a national figure of £3,000 for all types of authorities.

Peterlee and Aycliffe—separate development corporations but with considerable joint functions—say that their own analysis indicates that in the five years to 1981 three quarters of the new jobs drawn into Durham came to the new towns. Some of that was obviously the work of development corporation personnel.

This is set against a net population decline. Between 1971 and 1981 Easington district, which includes Peterlee, had a net population loss of 3,600. The corporations are forecasting another 5,000 jobs losses in coal and related industries over the next ten years in and

around the Easington district. Just to keep standing still will require the generation of 750 to 1,000 jobs a year for the next few years. This, they argue, underlines the need for some type of authority, providing special assistance to the



AYCLIFFE + PETERLEE

area once the industrial promotion arms of the Government are finally disbanded.

Washington Development Corporation has been heavily engaged in attracting 14,000 jobs in a part of the region which has seen a very big decline in employment within the traditional industries.

Set against this, the North East's move towards high technology companies has been faltering and there is a lack of service industry. Along with the rest of the country it has witnessed steep rises in unemployment. For both Washington and Peterlee the rate has risen from about 10.5 per cent three years ago to more than 16 per cent. Aycliffe, whose rate of about 6 per cent was little more than half that of the other two three years ago, has jumped to 14 per cent.

The unemployment rate for both Peterlee and Washington has been on a par with or slightly higher than the north-east region as a whole. This belies their success, though, in creating jobs virtually from scratch. It also misses the point that the new towns rub against some towns and areas in Tyneside and Wearside which have unemployment rates of 20 per cent and more. Some of the industrial estates have also shown remarkable resilience during the recession, with the

number of companies there expanding.

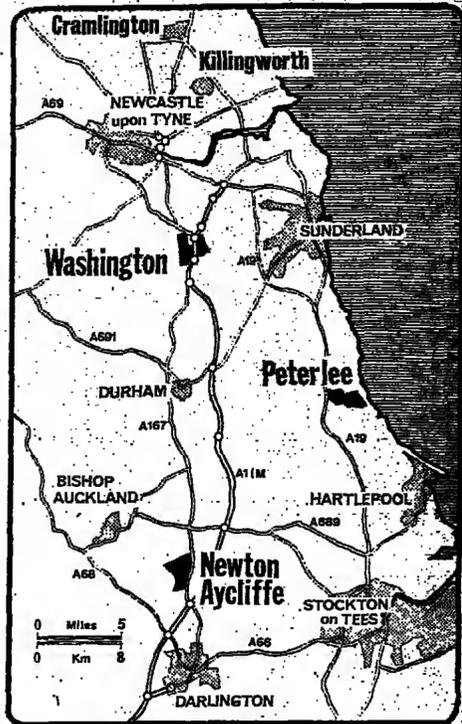
The new towns can present an array of attractions to potential companies hunting for a new location. Their development offices are able to assist with a complete negotiating package. That includes assistance to companies in discussions with nationalised industries on power supplies and arranging for special education for staff. There is also aid available on relocation, production contracts and staff recruitment.

Peterlee and Washington are in special development areas which offer a spread of financial incentives. This can include two years' rent-free accommodation as well as 22 per cent grants for buildings and machinery and the possibility of further discretionary grants. Substantial cash grants are available at Newton Aycliffe, though this is not a special development area.

The five new towns have, however, other more natural advant-

ages. They tap into some excellent communications. They are served by a first-class road system, particularly from north to south, and a range of varying port facilities close to hand. Their location and the sea route strengthens their industrial affinity with Scandinavia and Scandinavian companies. The relatively high proportion of foreign undertakings includes a powerful element of U.S. investment.

The region's industrial relations have historical strengths within the context of UK labour-management relations. Though the area has some traditional—but rapidly declining—industries often associated with disputes and industries which have provided the labour pool for many of the region's new companies, the strike record in many of these sectors in the North East has been lower than the national average.



Broad range of sites on offer

A KEY consideration for companies moving into the new towns is the kind of space available. The three are new in the position where there is not only a wide selection but there is also more on offer than two years ago, both for rent and sale, and they still have ample acreage for new development.

Washington has 4.5m sq ft of which the development corporation owns just under three-quarters. Of this, 400,000 sq ft is empty, an increase of up to 150,000 sq ft on the position three years ago. There is three-quarters of a million sq ft of office space—mostly occupied by the Department of Health and Social Security—of which

15,000 sq ft is available for renting.

Most of the factory space on offer is at the top end—that is, 10,000 sq ft and above. There have been some big recent factory closures, including those of Delta, MEM switchgear and RCA records and tapes. The corporation expects to have the first two utilised very quickly, but admits that the 85,000 sq ft of space purpose-built for the last-named will be difficult to market.

Buildings in the 350-600 sq ft are all occupied but new ones are being put up. There is a relatively lively demand for small offices.

Peterlee is to some extent suffering from a previous risk-taking policy on factory

building to help meet its high unemployment figure. The development corporation has 2.1m sq ft of space, of which more than a fifth is empty.

Unused

It has 2.4m sq ft at Aycliffe, 200,000 of this being unused, and with a spread from 1,000 to 25,000 sq ft. Some 200,000 sq ft out of the 2.8m privately owned at Aycliffe is vacant with the largest site taking up 28,000 sq ft. Two years ago there was only 50,000 sq ft of both private and public industrial space available at Aycliffe.

The corporation says that, because buildings are coming on the market at virtually knockdown prices it has not

been able to put up rents the way it would have liked to meet its commitment of achieving a 10 per cent return on capital expenditure.

A further result of this is that the design approach for the latest factories has been altered by the corporation to gear them for lower potential rents.

Cramlington has a reasonable proportion of factory units for manufacturing or services available to new companies but very little office space. Killingworth has some medium-size units of both freehold and leasehold on the market together with a variety of sites from one here to 5.3 acres restricted to light industrial use.



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Washington for Winners

BRITAIN'S NEW TOWNS—THE NORTH EAST II



Washington New Town centre and the Washington Highway

Foreign concerns a feature of industry

THE NEW TOWNS' industrial estates are enclaves of mixed manufacturing in a region whose industrial base is still very much influenced by the traditional industries.

Though the estates have been badly buffeted by the recession, with employment below the level of two years ago, some of them have shown remarkable resilience. Aycliffe has suffered the worst in relative terms, largely because of its much greater dependence on one industry—motor manufacturing—which has been affected disproportionately.

Some of the development corporations are confident though of industrial expansion even within the next year and all are seeking to expand the number of foreign companies which are a feature of the North East's industrial estates. Many of these foreign-owned undertakings—a high proportion Scandinavian, with a healthy sprinkling of Japanese companies—are now very well established.

Washington has some 260 companies in industrial premises, about 100 more than three years ago. The development corporation expects this to rise to more than 300 by the time the year is out.

Employment on its industrial estates has fallen from 21,500 to 19,000 in the past three years—a decline largely confined to 1980. Last year the number of new jobs roughly balanced losses. Over the same three-year period the town's unemployment has risen from 11 to 16.5 per cent.

Engineering

The principal difference between Washington on the one hand and Peterlee and Aycliffe on the other is that the latter two have a relatively small amount of office space either occupied or available. Washington pulled off a major coup, however, by grabbing the Department of Health and Social Security's National Child Benefits Office—the highest employer in the new town, with 2,500 staff. Its industry has a very strong light engineering content but is very varied. A large proportion of Washington's industrial companies are household names like Dunlop but an even bigger percentage are foreign-owned.

Some of these are very big names—Timex Watches (U.S.-Norwegian) and Philips Television (Dutch), for example.

The Japanese company Marubeni-Komatsu carries out final assembly work on its earth-moving equipment at Washington. Little Fuse, part of the Tracor Corporation of the U.S., is engaged in specialist fuse manufacturing and special cabling is made by one of the most recent newcomers to Washington—the Norwegian company NEK. The Japanese razor blade manufacturer, YKK, has a distribution depot. The Danae are involved in Washington through the hearing-aid maker Danavox and the U.S.-Danish Smithers Oasis which produces plastic flower-arranging material.

The two estates at Peterlee house 83 companies. These employ about 5,000, with a further 4,000 in services outside the estates. Over the past three years more than 1,250 jobs have been created in Peterlee but more than 1,550 have gone. The development corporation says that shows considerable resilience on the part of the industrial estates in the face of recession and that there has been a good take-up of vacated premises by new companies.

The old estate still encloses

companies in industries heavily associated with women workers—Dewhirst, a clothes-maker for Marks and Spencer, and the Charnos clothes manufacturing company.

The new estate includes some major manufacturers in their field and a relatively high proportion of foreign companies. The development corporation believes total foreign investment at Peterlee approaches £100m.

The principal foreign companies include Fisher-Price, the U.S. toy manufacturer which began producing there in 1978 and is now using Peterlee as its European manufacturing headquarters. The Japanese company NSK Bearings chose Peterlee as its manufacturing base to service the EEC; 35 per cent of its output is exported.

Chemicals

Rothe-Erde, the West German roller bearing manufacturer, is another big foreign employer. Borden, the U.S. chemicals company, has a plant at Peterlee and the Norwegian operation Mustad has a packing plant for the fishing books it manufactures.

Significant British companies include DJB, a leading manufacturer of articulated dump trucks which has undertaken considerable expansion over the past nine years, and Hunter-Print, which has a big export trade with the Common Market.

The 116 companies on the Aycliffe industrial estate employ 8,500 but that is over 2,000 fewer than the peak of employment on the estates three and a half years ago.

The town's industry has also had a strong motor manufacturing content which has proved a millstone around its neck during the recession. While unemployment at Peterlee is greater at well over 16 per cent, its figure three years ago was also high—10.5 per cent, almost double the national average.

By contrast Aycliffe's 14 per cent unemployment is lower but that represents a hefty jump above the figure of 5.6 per cent in 1979. Closures have included the Concordia Wire Cabling plant, while Eaton Axles has cut its workforce from 1,300 to 550.

The town has been attempting to diversify its industrial base. Foreign companies include two Swedish undertakings—Persitorp, which manufactures plastic laminates, and Electrolux through its wholly owned subsidiary Plymo, which makes lawnmowers. The U.S. company Union Carbide has an electronics plant, UK concerns include GEC—which with more than 1,400 workers is the biggest employer in the town—and a British Steel sheet coating plant.

Cramlington boasts some big UK manufacturers as well as a number of foreign-owned operations. Wilkinson Sword has a razor blade manufacturing plant there; Burroughs makes adding machines and Fablon produces kitchenware covering.

Manufacturing for the home plays a strong role in the town's industrial structure. The Brentford Nylon plant taken over by Loroche is still producing a large range of bedding and related products and Commercial Plastics manufactures wallpaper and wood coverings.

Killingworth has a mix of industrial and service industries but much of it is concentrated in the latter sector. It includes four major distribution companies and two consultancies for shipbuilding and engineering. Northern Gas has its headquarters there, linked to a major British Gas research installation.

Well off for transport links except in air services

THE NEW TOWNS in the North East possess some of the best communications in the country for goods transportation and the movement of employees. At the same time there are weaknesses—notably the limited air services for the region, the distance from south coast ports as export gateways to Western Europe and the lack of a fast east-west road route come immediately to hand.

They are reasonably close to the A1(M), which ties in with the national motorway system for north-south travel, and for the M62 transpennine motor-way.

Peterlee is furthest from the main east side road route between England and Scotland, but it is on the A19, a good road connecting with the A1. Washington is served by a reasonable cross-country road—the A69—west to Carlisle. The new towns themselves are connected directly with the west part of the

country by the A66. There is a wealth of port facilities on the east coast—the Tyne, Tees, and Humber docks—with connections to the more southerly ports. There are several roll-on/roll-off berths on the Tyne and at Teesport, with a driving time of less than half an hour from each of the new towns to at least one dock area.

These ports provide short sea routes to Norway and Sweden as well as services to Rotterdam and Amsterdam. The Humber is only a few hours' driving time away even for the heaviest lorries. Bulk shipping is handled at Hartlepool and Seaham as well as at the major ports.

Most industries in the North East rely on road and sea transport. There is a Freightliner rail terminal on the northern edge of Washington which can get cargo on to the Continent via Harwich within 24 hours.

There are 21 British Rail 125 services, stopping at Newcastle, on the route from London every day. There are also four direct services to Liverpool and a similar number to Bristol. The latter are due to be converted into 125 services. Stations at Darlington and Durham also provide direct inter-city 125 links to the north and south. Aycliffe has commuter rail services to Darlington and Bishop Auckland. Peterlee is also served by a local British rail service.

Washington, Killingworth and Cramlington are only a few miles from bus/rail interchanges on the Tyne and Wear Metro linking them directly to the heart of Newcastle. The close proximity of the Heworth Inter-change in Washington has meant a reduction in the number of bus services direct into the city.

The airport at Newcastle has mainly domestic flight connections. Newcastle, though, has regular flights to Amsterdam and the

Scandinavian countries as well as to Dublin and Belfast and the British mainland airports.

Its international air services, however, are relatively weak. The development corporations would like to see direct flights to the U.S. but do not believe them a likelihood in the foreseeable future. They would also like to see direct air connections with West Germany, although there might be a question-mark over the amount of traffic that route would generate. The number of U.S. companies in the North East—88 at the last count—is four times the number of German undertakings.

Though Manchester is the nearest international airport most users opt for connections through London. There are five flights daily to and from Heathrow and two between Gatwick and Newcastle. British Airways has been talking of the possibility of a shuttle to Newcastle next year.

Wide cross-section of jobs and skills

THE NORTH EAST has a record of relative freedom from industrial stoppages on a par with, if not better than, the national average for most industries. And within the North East the new towns have an enviable good reputation for harmonious relations.

The region has tended to have a struggle to achieve rates of productivity comparable with those of some other areas. This is a notoriously difficult issue on which to obtain reliable data and is almost certainly a product of the relative age of equipment used in sectors of its traditional industries.

Some of the recent shifts in balance between unions and employers and the impact of unemployment on the attitudes of the shop floor and among union officials have had a marked impact on the new towns' industrial estates.

One outcome is the relative success of new companies in securing single union bargaining arrangements. These are encouraged by the development corporations because they generally prove to be successful and companies that go out of their way to negotiate such arrangements normally get the co-operation of union officials.

Companies on the industrial estates have also been using the recession to achieve greater efficiency in shift working and other practices. But this has provoked a backlash from unions in at least a few cases. Employers with entrenched multi-union bargaining arrangements still find it nearly impossible to simplify them and overcome resistance to changes if this will result in job losses—unless and until, that is, the company can demonstrate that investment and survival are at stake. In general, however, new towns by definition do not have the inbuilt working traditions which can prove a stiff obstacle to harmonious industrial relations.

Unemployment figures indicate a ready pool of labour for a wide cross-section of jobs and skills. The new towns' catchment areas, though, suffer a little along with the rest of the region from the legacy of the North East's traditional mining, shipbuilding and heavy engineering base.

This is particularly reflected in a general scarcity of labour for some of the skills required



Two representatives of local industry. Left: Production at the Peterlee plant of Rothe-Erde, UK offshoot of the West German ring and roller bearing manufacturer. Right: Everest Double Glazing on the Wear Industrial Estate at Washington



in new technology applications. The region as a whole has a relatively weak content of high-technology companies. The development corporations, though, are encouraging efforts by North East polytechnics and universities to achieve a more rapid turnover of people with computer-related skills.

Peterlee has a long tradition of women working and doing shift work. They form a clear majority on the town's old industrial estate. As a result of the decline of local mines and the development corporation policy of attracting work for men the new town's two industrial estates together have a roughly equal proportion of male and female workers.

With the town well into its second generation of families, the youth bulge is now settling down but there is still a higher proportion of young people than in most towns. The development corporation points to NSK, the Japanese concern, for which there have been periods when all its shopfloor workers were under 25 years of age. It says

there is a shortage of tool-makers and that because much the greater part of its labour pool is semi-skilled some types of industries would have to undertake considerable retraining.

There have been very few strikes at Peterlee. Even those people remember—such as the strike at DJB dump truck manufacturers—have been relatively short.

Newton Aycliffe as an industrial centre has a totally different background. Its workforce is more diffuse. The development corporation says that the spirit of the mines is still in evidence at Peterlee, which gives it a form of social cohesion, but that this feeling is missing at the sister new town on the other side of the A1.

Retraining

Newton Aycliffe has its industrial roots in a local ordnance factory which bequeathed it a working population from different parts of the country; many of these workers

stayed on. It was also a relatively unskilled workforce, though that has changed to a considerable extent with the requirements of industry. The corporation says companies have come across very few difficulties in terms of retraining.

Washington Development Corporation argues that new companies have virtually no difficulty in obtaining the labour relations structure they want. Some older companies on the industrial estates complain about union restrictions but that is common pretty well everywhere in the UK.

Dunlop claims its manufacturing site at Washington is its most efficient operation in Europe—though that does not preclude disputes over working arrangements. The company recently suffered a strike related to shift working.

The corporation cites one particular example of the adaptability of the workforce. Eighteen years ago Washington had four active coal pits employing 3,000. All have now closed and the bulk of ex-miners of

working age have been fairly easily retrained. Retraining has also been a success story at Killingworth and Cramlington.

An insight into the kind of labour available for some of these new towns is given by Employment Department statistics on the unemployed. In September last year in the Tyneside and Wearside area there were more than 10,000 unemployed who possessed skills in metal and electrical processing, nearly 4,000 in the processing of other materials as well as 9,000 ex-clerical workers and more than 6,000 "professional" people.

The relative lack of high technology skills generates concern among some development corporation managers. They realise, though, that it is a question of chicken and egg. They would have more of these skills if there were more high technology industries in the area. Correspondingly, they might be able to attract such industries more easily if they had more skills to offer.

Such areas as the North East

are at a disadvantage once a high technology industry like computers takes hold on a few areas—as it has done on the Bristol-London axis in parts of Scotland—from which it will naturally suck in other related industries.

The North East has an array of major universities, polytechnics and training colleges in Newcastle, Sunderland and Durham as well as small teaching institutions in other parts of Durham and Wearside. Most of these are within reasonable daily driving distance of all the new towns.

Meetings

The development corporations are trying to encourage more high technology teaching. The Washington Development Corporation, for example, has regular meetings with the principals of some of the region's teaching establishments to discuss industry's needs.

Skill centres and other forms of trade-teaching institutions, many geared to the unemployed, are dotted around the region.

Aycliffe has the South West Durham Training Centre, which has up to 200 places for teaching young people industrial skills with particular emphasis on engineering. But this is running low at the moment with only about 110 places filled. Peterlee has its own Industrial Training Trust organised on similar lines and funded by the Manpower Services Commission. It also has a technical college.

Newton Aycliffe runs a key training course on how to run a business which includes simple accountancy advice. There is also a training centre for the disabled at Aycliffe but this is under threat from local authority cost cutbacks.

Felling, just north of Washington, has a 650-place skill centre. Its main emphasis is on mechanical engineering but it is gradually moving towards electrical engineering and electronics. The skill centre at Durham has several hundred teaching places.

There is no skill centre in Washington itself but the development corporation is hoping to establish a training workshop, sponsored by local business, with Manpower Services Commission funding and mainly designed for school leavers.

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THE PROPERTY MARKET BY ANDREW TAYLOR

American banks look further afield

ANOTHER leading U.S. bank in central London is seriously considering the costs of operating offices in the heart of the capital. Chemical Bank has already decided to decentralise some of its London operations to Cardiff.

Bank of America with offices in Cannon Street and Ludgate Hill has asked St. Quintin, chartered surveyors, to conduct a detailed study of the costs of operating offices elsewhere in London, away from the main central area.

Bank of America would say no more than that it had no plans to decentralise any of its operations away from the capital. But this does not rule out the possibility that some of its businesses may eventually be located elsewhere in London where rents, rates and other overheads may be cheaper.

Other American banks currently housed in expensive central London offices are also thought to be reassessing their space requirements. Some of these are fast outgrowing their present accommodation and may wish to satisfy future space requirements by looking for offices either elsewhere in London or away from the capital altogether.

Earlier this month Chemical Bank announced that it would be moving some of its operations to Trafalgar House's 56,500 sq ft office development

at Fitzalan Place in Cardiff, where it is thought to have agreed a rent of about £5 a sq ft.

Debenham Tewson and Chinnocks, one of the agents which handled the recent letting to Chemical Bank in Cardiff, says: "A number of overseas banks in London have expanded over the years: from representative offices to branch status and beyond. With this expansion, the amount of clerical back-up needed has also risen.

"If overseas banks cannot satisfy their growing space requirements in the traditional central banking area it would seem logical that some would wish to consider decentralising some of these operations in the same way that the British clearing banks and insurance groups have decentralised some of their clerical functions outside the main London area."

Over the last decade the trend has been for overseas banks, unable or unwilling to take space in the main financial area, to drift westwards, slightly away from the heart of the City. Chemical Bank for example took space at the Aldwych; Bank of America and Credit Lyonnais now have offices in Cannon Street.

It now remains to be seen whether a more pronounced trend will emerge of overseas banks expanding further away from the central area.

UK leanings at L & G

THE FAST expanding development portfolio of Legal and General Assurance (Pensions Management) seems likely to continue to grow significantly over the next few years, judging by the comments this week of Keith Hall, the fund's manager.

Despite his cautions that prospects for immediate rental growth in some sectors of the property market appear limited, the fund has no misgivings about the relative attractions of commercial property as a long term investment. It sees new development as the principle vehicle for the continuing expansion of its property interests.

The fund, a subsidiary of Legal and General, one of the country's biggest insurance groups, now controls assets of more than £2bn. It is Britain's largest pension fund company and traditionally has had a

strong commitment to real estate investment. Last year investment in new property development in Britain and overseas rose from £24m to around £35m. Total new investment in property, including refurbishments and purchases was £41m compared with £47m in 1980.

The bulk of new development money, around £30.5m, was spent in the UK, a trend which Mr Hall says will continue despite the popular trend for pension fund investment in U.S. real estate.

"It is not that we are opposed to making investments in U.S. property. We have a successful office development of 285,000 sq ft in Houston, now 95 per cent let. It is just that we believe that there are still some very good development opportunities untapped in the UK," says Mr Hall.

Opportunities recently tapped by the fund include: its 200,000 sq ft development with MEPC at Long Acre in London's Covent Garden; a 150,000 sq ft office block in London's Euston Road let to Davy McKee; a 330,000 sq ft Arndale shopping centre at Eastbourne, Sussex.

The value of the property portfolio managed by the fund rose from £711m to £859m last year and Legal and General says that its faith in property investment is justified by the return of over 19 per cent which the property fund has averaged over the past five years.

In 1981 the price of property fund units rose by 17.7 per cent compared with a 10.9 per cent rise in the UK ordinary share fund, a 15.9 per cent increase in overseas equities and a 3 per cent increase in the fixed-interest fund.

INTERNATIONAL NEWS
New fund for U.S. investment

THE DEBATE over UK investment in U.S. real estate took a new turn this week as two important money management names—both of which have been in the limelight recently—combined to form a U.S. real estate investment vehicle for pension funds and charities.

Robert Fleming, one of Britain's largest investment management groups, has combined with Connecticut General Corporation, the seventh largest U.S. life assurance group, to produce a draft prospectus for Fleming American Property Unit Trust. The product still needs final approval from the Department of Trade.

This particular vehicle is expected to be a \$100m fund within a few years, and both Congen and Fleming say they will be surprised, after 18 months of planning, if their association does not take them into further projects in future.

Both of the proponents can confirm that investment management is a volatile business. Last year Congen lost over a quarter of the property funds under the management of its subsidiary Congen Realty Advisory Company (CRAC). First the British Coal Board pension funds made an abortive \$267m bid for the CRAC managed Connecticut General Mortgage and Realty Investment. The Coal Board funds eventually withdrew from the fray in the face of a successful offer of \$340m from Prudential Assurance of

the U.S.

This still left Congen with some \$750m of property under its management at the end of last year. Its proposed merger with INA, another major insurance group, would leave the combined businesses as the largest publicly owned insurance group in the U.S. with a combined equity base of slightly over \$4.2bn.

Meanwhile in the UK Fleming has also been making news in the financial pages. Its plan to reorganise investment trusts under its management, worth \$673m, has been frustrated by opposition from institutional investors including London and Manchester Assurance.

Since 1970 it has been run-

ning the Fleming Property Unit Trust, now the second largest unit trust for gross fund investment in UK property at £200m. Overall, Fleming, together with its associated companies, currently has funds advised or under management totalling around £6bn.

In terms of moving real money, a combination of respectability and track record may be what is needed to move smaller funds into the U.S. property market. The market is a "positive minefield" in terms of legal and tax problems, according to a Fleming competitor, and potential investors will have to choose their investment vehicles carefully.

William Cochrane

Frankfurt HQ letting

WEATHERALL Green & Smith have let a 16,000 sq metre headquarters building at Schwalbach, north west of Frankfurt, to Data General. Rentals for the remaining 2,000 sq metres of offices and 9,000 sq metres of warehousing are quoted at DM 15 and DM 9 per sq metre respectively.

Also in West Germany, Zadelhoff Deutschland has sold a Salzgitter supermarket property for a Dutch institution to a German closed-end fund for DM 11.2m. Net

lettable space is 7,250 sq metres on two floors with a site area of over 30,000 sq metres.

The 50,000 sq ft Hedaya House office block in Government Road, Mamamah, Bahrain's principal office centre has been let by Debenham Tewson & Chinnocks at rents in the region of Bahraini Dinars 3 per sq metre per month (about £12 per sq ft per annum); the first time such levels have been reached since the market peaked in 1976-77.

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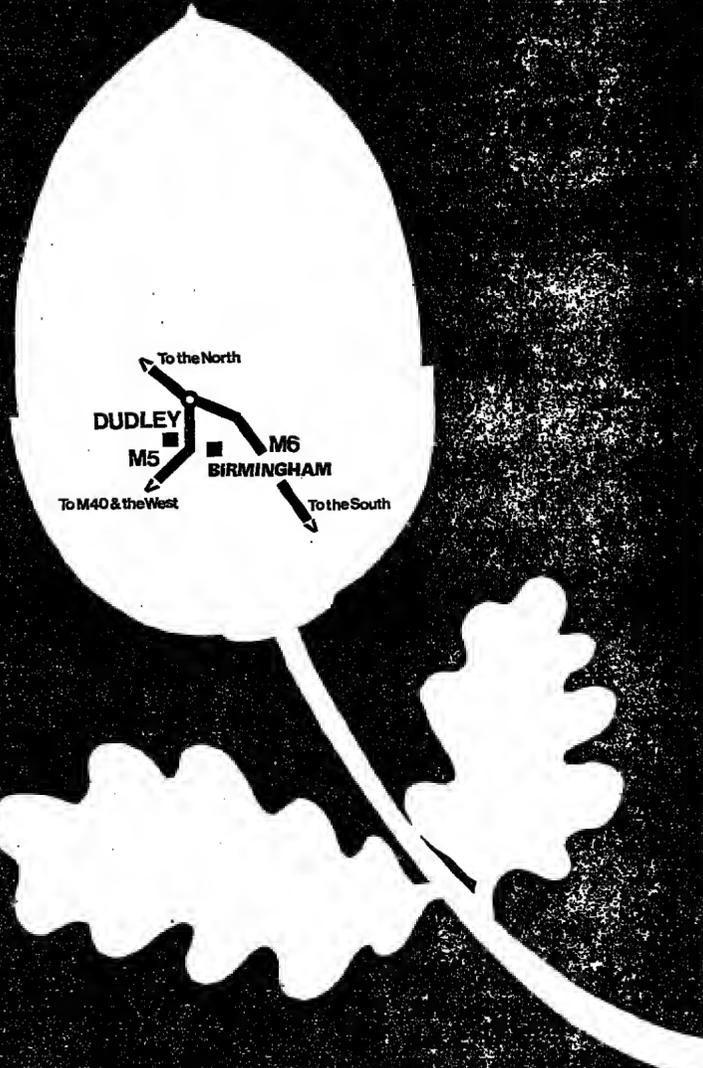
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Queen's Bench Division (Commercial Court); Mr Justice Webster; February 18, 1982

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against certain of their losses... under a reinsurance slip policy... the ABC scheme... The similarity was...

USAIG and AAU similar to... the ABC scheme... The similarity was... between policies issued under...

covered only the period on the... reinsurance policy... The reinsurance policy specified in...

On March 3 1974 a Turkish... Airlines DC 10 crashed near... Paris. Its manufacturers were...

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Whether the facultative insurance... was covered by the 1972... reinsurance policy...

As the 1971 slip was presented... to the underwriters when... they initiated the 1972 slip...

The plaintiff underwriters in the... present case had subscribed... for a number of years to an...

In 1969 the plaintiffs reinsured... with the defendant insurers... under a vertical basis with...

Whatever Winter's fate with the... bunter chaser—a 33-1... chance for the April 3 renewal...

Prayukta need only reproduce... the form which saw him... carrying 5 lb overweight...

ROLLS RAMBLER, who had to... miss last season through injury... makes his long awaited re-

appearance today in the Girth... Land Rover Hunted at Kempton... over three miles in the...

It will be fascinating to see how... the Uplands 11-year-old, who... won five consecutive races...

Prayukta need only reproduce... the form which saw him... carrying 5 lb overweight...

What's on When and Weather... The Friday Matinee... "Cheer by The Dozen"...

11.55 am Look and See... 1.20 Channel Lunchtime News... 1.20 The Fall Guy...

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IF SHOWS - MARKETS & PRODUCTS COVERED COMPUTER Technology Fishing Industry

RACING ROLLS RAMBLER, who had to miss last season through injury

TELEVISION Chris Dunkley: Tonight's Choice

LONDON 9.25 am Schools Programmes (half-term repeats)

RADIO 11.55 am Look and See 1.20 Channel Lunchtime News

OBITUARY JAMES BIRKE PAULDING in London, aged 77

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why Hoover hit hard times

Jason Crisp on the appliances group's problems and how it hopes to survive in the UK

IN THE early 1900s William H. Hoover, better known as "Boss," would gather thousands of his door-to-door salesmen in his Ohio farm for days on end, in a great jamboree of singing the company songs and other forms of group motivation. They were celebrating the booming success of his electric suction sweepers, soon to become a symbol of cleanliness and modernity in the home.

For the best part of 50 years the company's success continued, on both sides of the Atlantic, first as the product literally swept the market, and then as the all-important British subsidiary exploited its unchallenged brand image in branch out into washing machines.

Since the mid-1970s, however, the jubilation has been replaced, first by a painful lament, and most recently by the strains of what could be described as a funeral march. In the UK itself, Hoover has managed to fight back against tough competition from domestic cleaner manufacturers and its chief international rival, Electrolux, but it is under heavy criticism for its failure to diversify away from its single line of products in what is a near-saturated market.

The chief cause of the U.S. company's woes—cutting into a plunge into the red last year—was a slump in its overseas business, almost all of which originates from its British subsidiary.

Unusually for an American company, nearly 70 per cent of Hoover's sales are made abroad, with the UK accounting for well over a third of the total and much of the rest being exported from the British plants. The UK's overdependence on Hoover has been even greater than Hoover Limited not been losing both market share and profitability, thanks in part to its slowness to invest in new products and to intense competition and weaker markets.

The figures shown in the illustration tell only half the story, since they have been achieved by gradually parting margins to the bone—and then further still.

Having shocked the British market last October with the decision to close its famous art deco factory at Perivale, in

"BOSS" Hoover founded his company in North Canton, Ohio, in 1908. Exports to Britain, from a Canadian factory, began immediately after the First World War. By the 1930s UK sales had reached such a pitch that the company decided to start manufacturing in Perivale; a flotation of the subsidiary's shares was made in London in 1937. The parent company now owns 73 per cent of the voting shares of Hoover Limited, and 48 per cent of the non-voting stock.

The poor performance of the UK company is not the only deterrent to any predator who would like to fulfil the wishes of Wall Street and bid for U.S. Hoover. As Fuqua Industries found in 1979, the

Hoover family's 35 per cent stake provides a solid base for defence against an unwanted takeover.

Merle Rawson, the U.S. chief executive, has said that Hoover himself is looking for further acquisitions in the U.S. to follow up its 1979 acquisition to an industrial cleaning company, Chemko.

This will not be the first time the parent company has embarked on the diversification trail. Herbert Hoover, grandson of "Boss" and the last family member at the helm acquired a number of companies in the 1950s which made small electrical domestic appliances, notably steam irons. His successor, Felix Manager, continued in a similar expansionist vein.

But when profits collapsed in 1974 he stepped down to be replaced by Merle Rawson, who disposed of the small appliance interests, turning U.S. Hoover back into a company with a single product line.

An analyst who follows Hoover closely says that Rawson's strategy had been to increase the company's domestic market (it had been losing market share to Sweden's Electrolux and Eureka, a U.S. vacuum cleaner maker), and to make the international side profitable. It succeeded in meeting his domestic target, but as the analyst says, "it just didn't recognise how severe the problems in the UK were."

party keep stocks to a minimum. At one stage Hotpoint's troubles seemed to be as bad as Hoover's, but it now says it has increased market share and the latest figures from GEC, its parent company, show an increase in profitability from domestic appliances.

In vacuum cleaners, Electrolux has managed to hold its UK market share and it is thought still to be making profits in Britain. This is attributed to several factors, including the flow of new products and to adequate levels of productivity in its large Luton plant even though this has been automated to a lesser extent than its Swedish facilities.

It is Hoover's manufacturing performance which underlies many of its troubles in both main product lines. The most public evidence of problems, of course, have been strikes and other industrial action, such as those at the Merthyr Tydfil washing machine and tumble drier plant in 1979.

Absenteeism

Merthyr has had a particularly poor reputation for labour relations and productivity. At one stage absenteeism was reported to be running at 20 per cent. But this was only one aspect of the problem. Though Hoover did cut back its labour force in the late 1970s, many observers feel a more thorough attack on unit costs should have been made well before last autumn's exercise.

According to one analyst, in the years when vacuum cleaners were still making a respectable return, Hoover allowed its highly profitable cash flow from them to finance Merthyr to an extent which defied gravity.

Though Hoover hopes its latest cuts in the work force will get its costs onto the right footing, and claims there has been a "dramatic" improvement in productivity at Merthyr, one analyst argues that the main beneficiary of the reorganisation is cleaners—washing machines are still a problem.

The current rationalisation programme is as follows. Closure of the Perivale factory will remove over 1,000 jobs. Production of its floorcare pro-

West London, as part of a 1,800 job cutback and rationalisation programme, the company followed up on Wednesday with the revelation of its worst-ever loss, a thumping £31m, for 1981. Asserting that the worst was now over a senior company executive claimed that "we are very effectively getting our costs down... at long last we are getting it right."

He declared that with its new range of cleaners and washing machines, plus a much stronger thrust into the market for security devices, Hoover was now going for "a product-led recovery."

Out of ten of the Innocent's Many investment analysts consider that this is Hoover's last chance to save its UK operation. Between them, they and sources in the domestic appliance industry (including some eminent retailers) accuse the company of low productivity, bad labour relations, weak marketing, under-investment and, in general, unresponsive management.

More specifically, there are three sets of complaint. First, that the company has failed to reduce its manufacturing costs to the same extent as its competitors; second, that the product range has been too narrow; and third, that its marketing has been spoiled by a "weak" discounting policy.

Just about the only extenuating circumstances which out-

siders cite in its favour are the unpredictability of UK economic policies and conditions, the intensity of foreign competition—especially from East European vacuum cleaners and Italian washing machines—plus the recent strength of the pound. Yet the fact remains that other appliance companies—though not all of them—have managed to succeed in the UK in the same conditions, or at least to revive themselves without going through as prolonged a agony as Hoover.

As market leader in both its main product lines, Hoover certainly suffered more than most from the continual tampering with purchase tax rates (later VAT), changes in hire purchase regulations and a "stop-go" economy.

Dumping

These are often blamed for the current high level of imports into the UK.

The imports, which first swept in with the Barber boom of 1972-73, came mainly from Italy from companies like Zanussi, Indesit and Candy. Often accused of dumping by Hoover and sources in the domestic appliance industry (including some eminent retailers) accuse the company of low productivity, bad labour relations, weak marketing, under-investment and, in general, unresponsive management.

Though less of a problem, the vacuum cleaner market has not been immune to foreign incursions, either, and Hoover lost a share in the cylinder cleaner

market. In addition to imports from West Germany and France there has been a very sharp increase of deliveries from Poland, East Germany and Czechoslovakia.

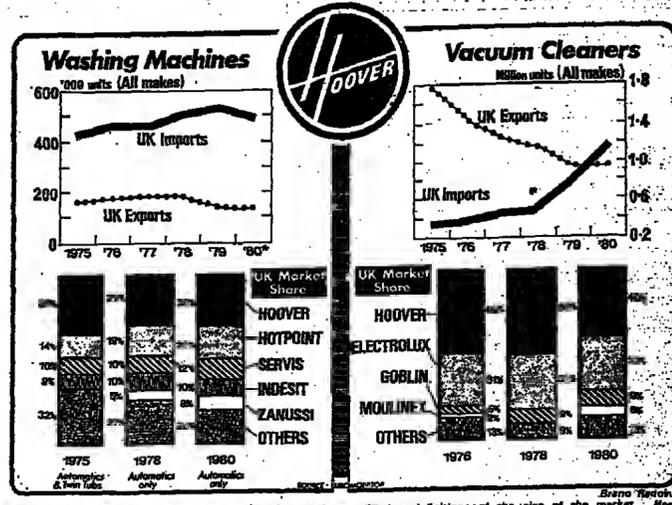
At the very bottom of the market, the East European imports are generally sold through mail order catalogues. AMDEA has lodged a complaint with the European Commission that some of the vacuum cleaners are being dumped.

At the same time Hoover complains that its exports from the UK have been hit recently by the combination of UK inflation and the strength of the pound.

Though they may not all be as export-intensive, several of Hoover's competitors have fared much better on the UK market in these conditions, which have been compounded by the recession.

For example, Philips' Halifax factory producing washing machines and tumble driers, has increased sales by 400 per cent since 1977, albeit from a much smaller basis. Ralph Cohen, its managing director, attributes the growth to the design and quality of the product, the move down from the top end of the range into a middle price bracket, and to the 10-year guarantee which Philips offers on major parts.

Cohen also points to various aspects of flexible manufacturing which have helped the com-



Estimates of market share vary widely, depending partly on differing definitions of the size of the market. Hoover calculates that in 1981 it held 33 per cent of the UK vacuum cleaner market and 25 per cent of the washing machine market.

ducts—mainly Hoover Junior vacuum cleaners—is being transferred to Cambuslang in Scotland, where employment is being cut by 400. Assembly lines have already been moved, and only parts are being made in Perivale by a reduced workforce. The factory is due to close in the summer.

At Hoover's third plant in Merthyr, a further 400 jobs are to go, bringing the workforce down to a level of 2,000, compared with 5,000 at its height.

Once the reorganisation has been completed Hoover will employ 5,800 in Britain, compared with 13,000 in 1978 and 10,000 at the end of 1980.

Together with this swingeing cutback has gone the injection of £20m in capital investment over the last five years, much of it on new machinery. This gives hope to some outsiders, such as David Johnson, managing director of Rumbelows, the large electrical retailers. "The moment they get their costs right their problems will largely be over," he says.

"I don't believe in the threat of imports. East European vacuum cleaners do look like East European vacuum cleaners."

But one of his main competitors puts more emphasis on the need for charges in product policy. Richard Ford, marketing director of Currys, believes that Hoover's product range has been too narrow and in need of rejuvenation. This, he hopes, will be overcome by the new range of equipment now being introduced.

Hoover has recently launched a new range of redesigned and quieter cylinder vacuum cleaners which are being made

at its factory in Dijon, France. The company has also introduced a new line of washing machines, including two models priced at below £200, taking it for the first time into this market segment, which is almost entirely dominated by the Italians.

Whether Hoover will alter its discounting policy remains to be seen. This is one of the aspects of monetary policy most frequently criticised by its competitors. They claim Hoover has been too weak with the very big purchasers and that the range of prices from the company varies very widely. "A lot of retailers will not sell Hoover as they don't make a profit on it," said one.

As a result, there are reports of shops stocking Hoover to attract customers, and then steering them towards competitive machines from, say, Hotpoint or Zanussi, where margins (and the salesman's commission) are higher.

Security

Whatever the uncertainties in this department, there is no doubt that Hoover is going to adopt an aggressive diversification policy with home security products, which chalked up £6m worth of sales for it in 1981. The company is launching a £500,000 advertising campaign for its new Thiefcheck range which includes locks and bolts for windows and doors, and kits of home alarm systems. Hoover hopes to get a 25 per cent share of the UK market—which it estimates at £20m a year—and 15 per cent on the Continent.

Though it claims the market is very fragmented, Hoover faces fierce competition in home

security from, among others, well-known names like Chubb. Hoover may also move into home security in the U.S.

One of the questions about the long-drawn-out saga of Hoover's difficulties which puzzles many observers is that, for a U.S.-owned company, there have been relatively few management changes in Hoover Limited. The major one was last August, when Guyne, who had been managing director since 1974, resigned unexpectedly for "personal reasons" shortly after the announcement of a £6m loss for the first six months.

He was succeeded by Peter Goode, the marketing director and long-standing Hoover man, who is credited by some with instilling a more aggressive marketing stance in the intervening months.

Though "rationalisation costs"—including £13.5m in redundancy payments—accounted for over half Hoover's 1981 loss, its financial position would clearly take some time to recover, even without the recession.

Hoover still has an "enormously strong brand name on which to build, but several retailers point out that this will not last for ever. "They have a limited time in which to recapture the British public and capitalise on their goodwill," says one.

In the meantime the parent company has begun acting like a true American multinational. A major expansion and modernisation of its vacuum cleaner plant in Dijon represents a decision to reduce its heavy dependence on the troubled UK operation.

DAIICHI KANGYO BANK

DKB ECONOMIC REPORT

February 1982, Vol. 11 No. 2

Little change is taking place in the slow pace of recovery of the Japanese economy

Since bottoming out in the spring of last year, the Japanese economy has been staging a recovery, but the pace of expansion has been very slow as indicated by the GNP statistics which showed a real growth of 3.0 per cent in the first quarter, 4.8 per cent in the second quarter and 2.4 per cent in the third quarter of 1981. What is more, the economy's growth has taken place almost entirely on the strength of external demand, with domestic demand playing only a marginal role.

Mining and manufacturing output reached a low point in the second quarter of 1981 and moved up by 1.6 per cent in the third quarter. In October, it rose 1.5 per cent over the prior month, but dropped 0.3 per cent in November. The outlook index rose 1.1 per cent in December over the preceding month and 1.2 per cent in January, indicating a moderate expansion of production until recently. Shipments has also been rising and manufacturers' inventories of finished products and inventories of raw materials have been dropping appreciably since the third quarter of last year, evidence of smooth progress in inventory adjustment.

In the meantime, prices have been continuing calm. Wholesale prices dropped 0.1 per cent last October from the preceding month for three consecutive months, thanks in drops of import and export prices owing to a rise in the Yen's value. In December, they stood only 1.6 per cent ahead in a year earlier. The rise in prices of domestic manufactured goods is also very moderate.

Narrowing the quiet trend of wholesale prices, consumer prices have been stable. Compared with the year-earlier level, they recorded a moderate rise of less than 4 per cent for four consecutive months since last August. Although they registered a 4.3 per cent rise in December, that merely reflected the fact that the level for the month a year before had been unusually low due to cheap prices of vegetables.

In balance of payments, seasonally adjusted trade

surplus in November halved during the preceding month to \$1.2 billion as exports more or less proved unchanged, while imports recorded the first volume-wise increase in eight months due to a surge in gold and aircraft. As the month saw a high level of interest payments on foreign-owned government bonds, invisible transactions ran a record deficit of \$1.5 billion, resulting in a seasonally adjusted current account deficit for the first time in eight months since last March. But these increases in payments were of a temporary nature, raising little likelihood that the current account deficit would stay.

Stagnated final demand

The cardinal reason for the slowness of current business recovery is weakness of private final consumption expenditures. According to the household economy survey, consumption expenditures by households throughout the nation last October rose 1.2 per cent in monetary terms over a year earlier but dropped 2.8 per cent after inflation. Such expenditures in real terms dropped 0.9 per cent during the first 10 months of last year over a year-earlier period, with all 1981 months certainly having recorded a drop for the second consecutive year.

The slow consumption largely reflected a low growth of income after inflation for wage earners as well as independent business operators. Net income of wage earners' households during the first 10 months of last year increased 5.2 per cent but due to a sizable 12.3 per cent rise in non-consumption outlays, such as tax and social insurance premiums, the disposable income rose by only 4.1 per cent, which represented a drop of 0.9 per cent after inflation.

Private expenditures on plants and equipment to real terms, on the GNP statistics basis, also have been weak; they dropped 0.8 per cent in the second quarter of last year from the preceding period and 0.2 per cent in the third quarter. According to a survey by the Bank of Japan as of last

November, such investment during the first six months of fiscal 1981 (April through September, 1981) stood 0.4 per cent ahead of the preceding six months for major corporations in the manufacturing industry, but 16.5 per cent lower for non-manufacturing sectors, with overall performance declining 3.7 per cent. Spending by smaller enterprises also was sluggish.

Investment planned for the second half of the fiscal year ending next March, however, is up 12.6 per cent over the preceding six months and 13 per cent over a year earlier for major corporations in the manufacturing sector and up 21.7 per cent and 9.9 per cent for non-manufacturing businesses. The total for major

corporations is to grow 21 per cent over the preceding period and 11.3 per cent over a year earlier. Investment planned by smaller enterprises for the second half is 13.4 per cent less than in the first half because of sluggish personal consumption and housing and uncertain prospects for the future.

Private housing investment is still very depressed. Housing starts in November fell 2.0 per cent from a year earlier—for the sixth consecutive month. Despite the Government's emphasis on housing promotion in the fiscal 1982 taxation and financing scheme, any rapid recovery appears ruled out because the current depression has its roots in land prices that have soared to a level far beyond the reach of average people.

On the fiscal side, public works investments turned minus after September in comparison with the year ago level and there is considerable concern that they may turn out to be a drag on business in the

Percentage Contribution to GNP Growth on Annual Basis
(Comparison with the prior period; seasonally adjusted)

	1980 4th Q.	1981 1st Q.	2nd Q.	3rd Q.
Private final consumption	0.1	0.1	0.1	0.0
Government consumption	-0.1	0.3	0.2	0.2
Private capital investment	0.1	-0.8	-0.0	-0.0
Private inventory investment	-0.1	-0.3	-0.2	0.0
Fixed capital formation	0.0	0.2	0.2	0.2
Current surplus	0.5	0.2	1.0	0.6
Government expenditures	0.7	0.7	1.2	0.6

second half of fiscal 1981. Accelerated disbursement of budgeted funds during the first half is the cause of slowdown in the second half.

As for exports, their growth in recent months has been notably slowing down. On a seasonally adjusted basis, customs-cleared exports in dollar terms rose 2.0 per cent in the second quarter over the preceding period, dropped 1.9 per cent in the third quarter and rose 0.2 per cent in the fourth quarter of 1981. Slowdown in growth rate is also clear from the amount of export letters of credit received, an indicator of the level of future exports. Growth of exports is generally expected to continue flat for the time being as U.S. and European economies remain in a slump and

March period a policy of fully respecting individual banks' lending programs, while it had already switched to giving greater freedom to their lending programs in place of the past rigid administration of the so-called "window guidance."

It is not expected, however, that lendings by commercial banks will surge suddenly because of seasonally lean corporate fund demand during the January-March period and weakness of business recovery.

At a time when fiscal policy is incapable of playing a major role, the latest interest rate cut is not considered significantly effective in shoring up business. The root cause of the current slump of domestic demand is, the deflationary impact of the second oil crisis, about which the interest rate

policy alone can do little.

Money supply (M₁ plus CDs) has been growing at a rate of 10 per cent over a year earlier recently and if monetary relaxation serves to accelerate its growth, money supply will become excessive relative to the present rate of nominal economic growth, leading to concern over future price trends.

Fiscal 1982 draft budget

The Government toward the end of last year decided on the budget draft for fiscal 1982 which amounted to ¥49,880.8 billion, up 6.2 per cent from the fiscal 1981 initial budget. Except for cuts of bond issues and allocation of funds to local governments, general expenses turned out almost flat from fiscal 1981, with the rate of increase being 1.8 per cent.

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PRELIMINARY ANNOUNCEMENT

Results for year to 31st December 1981

	1981 £	1980 £
Group Sales	40,415,400	41,715,400
Earnings (Loss) Gross		
Parent Company	(85,700)	(654,400)
Subsidiary	942,900	646,200
Exceptional Metal Loss	-	(164,200)
Group Taxation Payable Recoverable	857,200	(182,400)
Net Earnings (Loss) for the Year After Tax	826,200	(95,100)
Dividends on Ordinary Shares—		
Interim-Paid	0.75p	0.75p
Final-Proposed	1.25p	0.75p
Total for Year	2.00p	1.50p
Earnings (Loss) per Share before Release of Deferred Tax Provision	16.74p	(2.85p)
Total Distribution Exclusive of A.C.T.	£138,400	£113,000

NOTE: The above figures have been prepared under the historical cost convention. These do not include the release of prior year deferred tax provisions brought about by changes in the rules relating to stock relief—details of which will be included in this report to shareholders.

CHAIRMAN'S COMMENTS

1981 YEAR

The year has brought about a recovery in group earnings before tax of just over £1m from the depressed levels of 1980. This is a very satisfactory turn around but it must be noted that approximately £200,000 resulted from the lower sterling exchange rate used for conversion of Canadian earnings.

DIVIDENDS

Following the partial recovery in earnings your directors are recommending a final dividend per ordinary share of 1.25p making a total of 2.00p (1980-1.50p). This restores half the cut which had to be applied last year.

PROSPECTS

With the continuation of very heavy competition in the U.K. and European markets and the temporary collapse of North American auto, agriculture and housing markets we have to be apprehensive regarding prospects for 1982.

25th February, 1982

F.R. Ratcliff,
Chairman.

ANNUAL GENERAL MEETING

3.00 p.m. Tuesday, April 27th at Birmingham Chamber of Industry and Commerce. Detailed statements will be mailed to shareholders on Thursday, April 1st 1982.

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The next DKB monthly report will appear March 26.

J.P. J. J. J.

FINANCIAL TIMES

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Friday February 26 1983

OIL PRICES UNDER PRESSURE

Opec: harsh choices ahead

By Roger Matthews

Help where the shoe pinches

YESTERDAY we argued in principle for a mild fiscal relaxation on March 9—not the massive stimulus which many of the Government's critics favour but a correction of what appears to be an unintentionally restrictive policy. Present forecasts suggest that the public sector borrowing requirement on unchanged policies would be about £5bn for the coming financial year after allowing for asset sales.

It seems likely that the Treasury is now edging this figure upwards because of falling oil prices, and possibly because of the high interest rates of recent months. Allowing for the offsetting effects of cheap oil on activity and non-oil revenues, and for the subsequent easing of interest rates, the present policy forecast should still be under £10bn gross of asset sales, or £9.5bn in headline terms. This is a little above the medium-term target and helps to explain Whitehall's strenuous effort to dampen expectations; but as we argued yesterday, a medium-term cash target ought not to be immutable: activity is below its intended track, and so a naturally revenue is disappointing.

Pressure

In our judgment, then, there should be room in the Budget for relaxations of the order of £2bn. This is not enough to produce any dramatic effects—an asset sale or inflation through a cut in VAT, or a drive to reduce employment costs significantly through a cut in the national insurance surcharge. The help needs to be more narrowly targeted—to ease the pressure where the shoe pinches most painfully.

Since the Government's biggest political and social problem is unemployment, there can be little doubt about the most urgent objective, though there is endless argument about how to improve matters. We would suggest that attention should be focused on three areas: the situation of low-income families, help for regional employment, and certain kinds of public-sector investment.

The most regrettable feature of last year's Budget was the suspension of Rooker-Wise, and the consequent disproportionate burden on the lowest paid. The Chancellor explained that this was to some extent an interim

measure, to cover the delay in introducing the taxation of welfare benefits. This new source of revenue, together with a proportion of the thin total relaxation available, should make it possible to make some compensation. A slight over-indication of the tax floor would be one way to reduce the poverty trap, which so reduces the incentive to work. A more generous treatment of child allowances would in our view be just as effective in this respect, and preferable socially.

Industry and some Tory backbenchers have been campaigning for a cut in NIS as the best way to improve competitiveness and foster employment; a worthwhile cut does not seem possible unless some other tax is raised disproportionately. However, a cut available only in high unemployment regions could be a more generous scale, and would be unlikely to be dissipated in wage settlements.

We would also support the arguments of those Government critics who have argued for a rise in some forms of infrastructure investment, with large offsetting savings in co-employment pay and higher revenue. would be a highly desirable way to generate a small increase in the PSBR. The argument is especially strong in budgets, such as the road programme, which have been underpinned because of a sharp drop in tender prices. The combined argument of higher employment and value for money is strongly persuasive—and an increase in spending due to lower prices would help to demonstrate the positive side of cash limits.

Undesirable

Finally, we would stress the need for almost cost-free amendments to capital and personal taxes which would help industry to raise long-term capital in the markets. The tax rules which give Government borrowing special exemptions are a highly undesirable form of crowding out, helping to inflate bank borrowing while it depresses activity; and companies should also be permitted to innovate in the markets which the Government has now opened up for indexed debt. A more even-handed approach to the financial market might be as helpful as any likely fiscal stimulus.

THE APPARENTLY intractable edifice of economic power constructed by the major oil exporters during the past decade is beginning to crumble at the edges. As the world recession has deepened so the most basic assumptions about steadily increasing demand and higher oil prices have proved incorrect.

The results are potentially traumatic for the producers and of immense importance for the industrialised world. Oil price booms have been transformed into the most unenviable of doves. Iran, which under the Shah played such a central role in forcing up the price of oil, is now sabotaging the fragile unity of Opec by undercutting its competitors. Suitors who in the past were treated with disdain have suddenly become highly desirable partners.

From the United Kingdom, through the Middle East to Nigeria and Venezuela, budgets are being re-examined in the light of sharply lower revenue forecasts. Some producers may find it relatively easy to accommodate delays in capital intensive projects. Others face much harsher decisions and have no illusions about the possible political risks involved.

The clearest indication of the current change came with the announcement that during the third quarter of 1981 the Opec nations as a group had become net borrowers on world financial markets. The estimated Opec current account surplus of \$62bn for 1981 has slumped to an estimated \$8bn for 1982. But forecasts are now talking about a \$20bn deficit by 1984 unless there is both a resurgence in demand and a strong cutback in development programmes.

Predictably, it is the non-industrialised members of Opec with the largest populations, which are being hardest hit, although the effects are spreading with nine of the 13 Opec members failing to sell enough oil to cover their budget requirements.



The implications for those countries—and companies—which have won the largest share of the oil producers, booming markets will be uneven and take some time to emerge. There is unlikely to be any discernible change in Saudi Arabia, but contractors looking for large new orders from Iraq, for example, are almost certain to be disappointed. At the moment there is no evidence that existing contracts are at risk.

Nigeria, which planned to spend \$5.2bn this year, has been most immediately affected. Although it managed to accumulate some reserves in the busy days of 1979-80 it was forced to announce curbs in December which will delay or discourage about \$5bn worth of imports. Oil output has picked up from the low of 500,000 barrels a day in August to about 1.5m b/d, but this still remains well short of the 2.2m b/d it needs to balance its current account. For Indonesia it is the trend rather than the immediate impact which is of greater concern. With a population of 150m

FINANCIAL PRESSURES ON OPEC PRODUCERS

Country	EARLY 1982		
	Financial Reserves (\$bn)	Short-Term Output Levels (1,000 b/d)	Present Output (\$bn)
Saudi Arabia	161.4	2,410	7,500
Libya	12.4	1,070	870
Kuwait	7.2	900	850
UAE	38.4	810	1,400
Qatar	16.1	60	360
Total	325.9	9,250	11,380
Iran	3.0	1,610	950
Iraq	31.8	2,110	950
Nigeria	4.5	2,230	1,400
Algeria	3.8	1,200	700
Gabon	0.7	200	150
Venezuela	0.7	200	210
Ecuador	0.7	220	200
Indonesia	10.0	1,500	1,600
Sub-Total	62.2	13,430	8,450
Grand Total	388.1	22,680	19,830

* FTW estimate. † Includes Neutral Zone production. Source: FTW



reserves. For Libya the full extent of the problem is clouded by the political activities of the mercenary Colif. Gaddafi. But despite some cuts and doubts over major prestige projects Libya's reserves are strong and at the moment its exports are not too damagingly below requirements.

Pressure is mounting within Opec for an emergency meeting next month to try to close the widening gap between surplus producers and those who are being badly squeezed by falling demand and softening prices.

Yet even if the Saudis dropped their production ceiling by 2m b/d this would only temporarily alleviate the difficulties of those other producers who moved in to take up the slack. It certainly could not be guaranteed to ease the downward pressure of the \$24 a barrel reference price for Saudi light.

Instead Saudi Arabia appears to believe that only a more realistic pricing policy—including perhaps a \$25 a barrel reference price—will ensure the long-term future of Opec. It is however scarcely a palatable option for those producers most in need of increased revenue this year.

Saudi Arabia, Kuwait, United Arab Emirates and Qatar, for example, have softened the blow for Iraq by providing credit lines of over \$20bn in the past 12 months and there are possibilities of further recycling of surpluses to assist other Opec members in difficulties. But there is also a limit to what those four countries can do.

Predictions about the price and quality of oil production have proved disastrously wrong too often in the past, but this time there appears every chance that the lesson that Saudi Arabia has been preaching for several years—that oil prices can be pushed too high—is finally going to be proved correct. Additional research by FT correspondents in Mexico, Indonesia, Nigeria and Kuwait.

Excess supplies chasing too few customers

THE tumbling prices and lowered demand for oil exports, now causing Opec's 14 members some much discomfort, are largely the result of the continuation of the worldwide economic recession and steps taken in the West to lessen dependence on oil imports. Opec has been caught in the backlash of its past price rises.

Demand for Opec oil has fallen to the lowest level since 1969. Last year the Organisation's output was cut to 22.5m barrels a day, 4.4m b/d below the depressed level in 1980 and 8.8m b/d below the record output in 1977. It is hard to believe that only a decade ago British Petroleum and other industry forecasters were working on the assumption that by the mid-1980s Opec would need to produce between 45m and

53m b/d to meet the energy requirements of non-communist countries. Even in the more sober days of 1979, BP was forecasting that by this year Opec production would have to be in excess of 30m b/d to avoid worldwide supply problems.

Few analysts reckoned that prolonged recession and conservation measures—both greatly influenced by the oil price rises of the 1970s—would depress non-communist world oil demand from all suppliers to the present low level of about 48m b/d, especially after such a bitter winter over much of the northern hemisphere. Demand this summer could be as low as 45m b/d—roughly the level of consumption back in 1972.

Opec's problems have been made more acute by the steps

EXPORTS TO OPEC COUNTRIES

Country	Exports to OPEC Countries (US\$m)			
	1976	1978	1980	1981 (1st half)
U.S.	11,791	16,455	17,759	16,672
W. Ger.	8,244	12,240	12,545	6,710
France	5,244	6,977	6,552	5,207
Japan	5,111	8,435	10,578	not available
Italy	2,262	14,113	15,070	10,469
Other	4,244	7,818	9,848	5,774

† Due to civil service disputes.

which have been taken to increase output in other parts of the world, particularly in Mexico, the North Sea and Alaska. While Opec's output has been falling, the production of non-Opec countries has been rising, by 2.4 per cent annually between 1974 and 1981.

power—has also been rising by 2.3 per cent annually during the past seven years.

To make matters even worse for the majority of Opec members, the leading exporter—Saudi Arabia—continues to produce oil at a prodigious rate. The Saudis maintain they are producing in accordance with their preferred ceiling of 8.5m b/d. Market reports suggest that the true level of Saudi output is nearer 7.5m b/d.

In the present market conditions the difference is almost irrelevant. In practice the Saudis would have to cut production by another 3m b/d or so this summer if the world supply and demand equation were to be made to balance. Such a major cut is not the question. So while excess supplies

continue to chase too few customers, prices will keep on falling. This is why traders are now talking about the average crude oil price falling from the present level of about \$33 a barrel, most \$2 less than the peak last spring, to \$28 or even \$25.

The one ray of hope for Opec is that the lower prices will stimulate oil demand and help push the developed world out of the recession. In these case prices would tend to harden. In the present confused conditions, few oil companies are now counting on crude prices rising above the present rates in real terms for at least the remainder of the 1980s.

Ray Dafter

The challenge of the Caribbean

SINCE President Reagan took office last year the U.S. has been facing mounting problems in Central America and the Caribbean for which the Administration appeared to hold the forces of international communism exclusively responsible.

On Wednesday the U.S. leader made it clear in his speech to the Organisation of American States in Washington that not everything could be attributed to the schemings of Moscow or Havana. The oil crisis and the poor showing of commodity prices had, he said, brought in "a new dimension" and the countries of the area were "under economic siege."

Tariffs

The package he proposed as a palliative to the region's woes contains some imaginative projects, notably the freeing from U.S. tariffs of all imports from the area (with the exception of textiles and clothing), technical assistance for the region's businessmen and \$550m worth of new economic aid which will be concentrated on the private sector.

In a rhetorical flourish he urged his southern neighbours to make the best of "the magic of the market of the Americas," but it is clear that he is willing to give some governmental assistance in the meantime. Going back a little on the tough line he has been adopting towards the international financial institutions such as the World Bank and the Inter-American Development Bank, he called on them and the allies of the U.S. worldwide to increase their aid in the Caribbean basin.

The economic content of President Reagan's message is to be applauded even if one may legitimately express some doubts about its efficacy. Will one-way free trade for the Caribbean basin really enable the region to earn very much more given that 87 per cent of exports to the U.S. already enter duty free? Will the concept of limited free trade for a select and privileged group of developing countries not pose knotty problems in the context of global trade negotiations? Will \$350m provide any substantial assistance to a group of countries whose deficits are measured in billions of dollars? Even if the answers to all

these questions turn out to be positive, one must expect that the Caribbean Basin initiative to solve the long standing acute political problems of the region. And when on Wednesday President Reagan turned to examine these political problems he appeared less than sure footed.

To say, as he did, that the conflict in El Salvador was an attempt by guerrillas armed and supported by and through Cuba to impose a Marxist-Leninist dictatorship on a people as part of a larger imperialistic design was, at best, simplistic. Nor was it very prudent to condemn alleged infringements of human rights by the Government of Nicaragua while keeping silent about the excesses committed by Governments such as those of Haiti and Guatemala. It was hardly adequate to suggest that European fears about the Reagan administration's reaction to events in the region were merely the result of a determined propaganda campaign.

Leaving aside possibly misleading parallels between Vietnam and Central America it is legitimate to make the point that the turbulence of the region is the result not just of temporary economic difficulties but also of widespread dissatisfaction with outworn systems of government.

Miracle

Even if, by some miracle, growth rates were to be put back to their highest historical level and balance of payments deficits wiped out at a stroke the urge for political change and modernisation would not simply disappear in El Salvador, for instance, or Guatemala.

It would be very unfortunate if the Reagan administration were to conclude that economic aid obviated the need for political action in Central America and the Caribbean. Russian expansionism and the adventurous policies of the Cuban regime (which, incidentally, cannot without large borrowing from Moscow maintain a viable economy) must certainly be countered. But in doing that Washington must not make the mistake of trying to defend politically indefensible regimes just because they claim to belong in the Western camp.

Fraser's out-house

"I have built up a good team and we are out doing our own thing." Sir Hugh Fraser observes on his resignation yesterday from the Harrow stores group which his family established.

From May 1 the controversial son of the House of Fraser will be opening a chain of shops in "top market" retailing, trading under the name of "Sir Hugh". The new chain will operate initially in Glasgow. He is also involved in a sportswear concern. "I have got my fingers in a few pies."

In August Fraser plans to marry for the third time. Intended bride is schoolteacher Annabel Finlay who, he says, helped him kick the gambling habit that once cost him £1.5m in 18 months. "I have got Annabel working on my book to make it acceptable for publication," Fraser says. It would be a pity, perhaps, if she tied it up too much. It threatens to tell a chilling tale of horror and drama, in the boardroom as Fraser was copied from the chair by Professor Roland Smith.

A highly lurid account of the same events was published by the Monopolies and Mergers Commission last December when it examined the proposed takeover of House of Fraser by Lounho.

If Tiny Rowland ever decided to keep his promise and reappoint Fraser as chairman, the Commission notes the move might reinforce the tendency of House of Fraser directors to leave.

"Some blood has been shed, but nothing terminal," commented one official. It was feared that this week would see a breakdown of trading on the Exchange with sellers of tin being unable to meet their commitments and defaulting on contracts. The Exchange took the precaution earlier this month of limiting the penalty that sellers would have to pay for guessing wrongly.

But there was still considerable uncertainty, as large forward sales became due for delivery yesterday, whether the mystery group that has bought up the world's surplus tin supplies—apparently for the Malaysians—would release enough to help the sellers out. In the event they did. And the danger over, new chairman of the Exchange's management committee, Michael Brown, of metal merchants Lonconex, was able to relax for the first time since taking over.

Men & Matters

Shrugging off the price collapse as well as the criticism, Brown claimed that the prime objective of restoring "orderly trading" had been achieved.

Twelve days before his Budget, Sir Geoffrey Howe looked pleased enough with the state of sterling yesterday.

In "full fig" robes of black and gold, the Chancellor of the Exchequer escorted the Queen at the Trial of the Pyx, the ancient ceremony for testing the size, weight and purity of the Royal Mint's coins.

It is 700 years since the earliest known writ for the trial was issued, calling together a jury of "twelve discreet and lawful citizens of London with twelve skilful Goldsmiths" to examine the coins.

Nowadays, all the requisite virtues and skills are lodged in a jury of 24 Freeman of the Goldsmiths' Company under the eye of Master John Ritchie, the Queen's Remembrancer.

His remembrance of the last visit by a monarch—Charles II in 1689—was slightly at odds with official Mint history which records that it was James I who turned up in 1611.

The Chancellor, Ritchie reflected, usually waited for the trial's verdict in May to put in an appearance. But Sir Geoffrey showed such eagerness to handle real money for a change as the packets of gold sovereigns were emptied that photographers had to shoo him out of the way of their pics of the Sovereign.

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Tin foil

Most of the shouting on the floor of the London Metal Exchange yesterday seemed to be about copper. Tin prices were collapsing quietly if dramatically—and up in the boardroom officials were celebrating the passing of a crisis with pewter goblets of champagne.

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Dr Barnardo's

Handwritten signature or note at the bottom of the page.

Another penny for the arts

By Malcolm Rutherford

MONDAY WAS an unusual occasion in the House of Commons: there was a debate on the arts. Next Wednesday will be an unusual occasion in the City of London: the Queen will open the Barbican Centre which, among other things, will be a home for the London Symphony Orchestra and the Royal Shakespeare Company.

Between them, the two events draw attention to an extraordinary fact. Britain may be deficient in comparison with other countries in all sorts of ways, yet the arts continue to flourish.

There is also a political point. As Mr Patrick Cormack, a Tory MP, said in Monday's debate: "The arts are perhaps the only great sphere of our national life that we have succeeded in keeping out of party politics."

Monday's debate tended to bear that out. Some of the best speeches came from Mrs Renee Short, who must by any standards be regarded as on the far left of the Labour Party, from Mr Andrew Faulds and Mr Toby Jessel, who belong to the eccentric wings of the Labour and Tory Parties respectively, and from Mr Cormack, who is sometimes suspected by the Tory leadership of being about to defect to the Social Democrats. None of them was in essential disagreement.

The debate gave evidence both for a pessimistic and for a relatively optimistic outlook. On the gloomy side, there was Mr Faulds, the Labour spokesman for the arts and an actor by profession, saying: "The British film industry is near collapse. The Royal Academy cannot exist for ever on a proffered begging bowl. . . . The National Trust may need bailing out. . . . There will have to be a rescue operation to keep alive and open London's West End theatres."

On one particular point, the future of the university museums, he was supported by Mr Robert Rhodes James, the Tory member for Cambridge, who warned that some of them—the Ashmolean at Oxford, the Fitzwilliam at Cambridge and the Courtauld Institute in London—might have to be closed to the public for lack of funds.

Not least, there was the general concern about the Halle Orchestra losing its grant from the Manchester City Council.

On the happier side, Mr

Fergus Montgomery, a Tory MP who is the parliamentary consultant to the Society of West End Theatres, acknowledged that whereas this time last year a dozen were dark—that is, empty—today they are open.

It's not just London. Mr Paul Channon, the Arts Minister, talked about the Bradford museum of photography opening this year, new theatres in Plymouth, Swansea and Leeds, another in Bath next year and—again in Leeds—a new Henry Moore gallery.

The question of why the British should be so good at the arts was not really touched on. It's not just theatre and music. It extends across the board to television and radio, sculpture and poetry. Perhaps nobody knows the answer: it just happened.

The point that emerged from the debate, so far as subsidies are concerned, is that successive governments have done pretty well, but not quite well enough. In particular, the present Government has not behaved all that badly, given its general approach to public expenditure.

The grant to the Arts Council is being increased from £80m this year to £85m in 1982-83. Central Government provision for the arts as a whole is going up from £178m to £193m. As the bulk of the arts world tends to admit, it could have been considerably worse.

Yet the figures and the percentage increases, and some real terms, are not the least of which is the future of the Royal Shakespeare Company.

The RSC is by any standards one of the jewels in the crown—along with Covent Garden, the National Theatre and the English National Opera. But, unlike the others, it got into the subsidy business late.

Just over 20 years ago there was simply the Shakespeare Memorial Theatre operating in Stratford-on-Avon and paying its way. The governing body decided, however, that its long-term future lay in creating a base in London: hence the formation of the RSC, its London home at the Aldwych and the move beyond Shakespeare. When the new company made operating losses, it was able to fall back on its reserves.

Not any more. The reserves have long since gone and the RSC is expecting a loss in



Tony Church and Jody Buxton in the Royal Shakespeare Company production of La Ronde at the Aldwych Theatre

1981-82 of around £300,000 on a turnover of £6.9m. That is on top of an accumulated debt of £100,000 and the current loss would have been much higher had it not been for exceptional revenues from radio, television and touring abroad, which are most unlikely to be repeated on such a scale.

Of course, the RSC does now receive support from the Arts Council. In the coming year this will go up by 17.6 per cent to £3m—a much higher percentage increase than for any of the other big four. Covent Garden is getting an increase of less than 6 per cent.

But because the RSC went in late, grants have not really been fully built into its financial structure. They are an addendum rather than a principle.

The best basis of comparison is with the National Theatre. In 1980-81 the average price of admission to the National was £3.82; at the RSC's theatres in London and Stratford it was £4.72. The figures for subsidies are the most telling. At the National the subsidy per paid admission was £7.50; at the RSC it was £2.89.

The RSC tried to recuperate by raising its prices at Stratford last season to a maximum of £12 a seat. Attendances fell to a little over 70 per cent of capacity, which is good by London standards but not enough for Stratford to pay its way. Next season the maximum price will be reduced to £11.50 in an attempt to attract bigger audiences.

None of this came up in Monday's debate since it is still being discussed by the RSC and the Arts Council. But it does seem that the situation is becoming critical.

There are several possible solutions.

- The Arts Council could give more money, but that is unlikely. The Council is sympathetic, but has no more money to give.
- The Government could give more money. Again that is unlikely, but may have to be recommended as a last resort.
- The local authorities could give more money. At present, the Stratford authorities provide £1,600 a year for a theatre that is supposed to serve the Midlands, or at least the Birmingham area.

• The Stratford operation could be closed because that is the real loss-maker. However, that might be difficult under the terms of the Royal Charter. Perhaps appropriately, the chairman of the board of governors is Sir Kenneth Cork, the country's best-known receiver, currently trying to sort out the problems of the De Lorean Motor Company. In London the move from the Aldwych to the Barbican is said to have been arranged in such a way as to be financially neutral.

- There could be sponsorship. At present, sponsorship accounts for only 1.6 per cent of the RSC's total revenues, but injected some £6m into British arts in general last year. The trouble here is that theatre is not regarded as terribly safe.

It would have been hard to have gone to (say) BP and said: "Look, we have this marvellous idea. We're going to dramatise Nicholas Nickleby. Will you back us?" Much easier to seek support for a star-studded production of Aida. Yet, in the event, Nicholas

Nickleby was a smash hit in New York as well as London.

• There could be any combination of the solutions above. After all, we are talking about relatively small sums of money. It would be a pity to let part of the RSC's operations go to the wall because of a loss of £300,000 and the anomaly of it not having become a central part of the grants system. In another field, Barclays Bank has put up £5m to support overseas tours by the Royal Ballet.

The conclusion is that we should consider these matters more carefully and not leave so much to chance. As Mr Cormack said, speaking of arts and culture in the widest sense: "An august institution, such as the Royal Academy, could be saved for posterity by less than 1 per cent of what we have spent on British Leyland in the past year. We collect more in VAT from repairs to listed buildings than we spend on assisting them."

Mr Faulds proposed a greatly enlarged Ministry of the Arts, possibly to include responsibility for tourism since the arts are one of the principal attractions to foreign visitors. Whether you go along with that depends on your faith in bureaucracy. There does seem a case for giving the Arts Minister more say in the film industry. At the moment the responsibility resides, anachronistically, with the Department of Trade.

The House of Commons Select Committee on Education, Science and the Arts, under the chairmanship of Mr Christopher Price, the Labour MP for Lewisham West, is conducting a comprehensive inquiry into the funding of the arts. We should all look forward to its report. For one of the consequences of the technological revolution is that more and more people will have more and more time to enjoy stage, screen, radio, historic buildings, and whatever else.

Mr Channon added a twist to the story yesterday by appointing Sir William Rees-Mogg, the former editor of The Times, to be the new chairman of the Arts Council. In many ways he is an inspired choice. Sir William says that it will be quite compatible with, even complementary to, his remaining as vice-chairman of the BBC.

Lombard

M Davignon's dual burden

By John Wyles in Brussels

WHENEVER TWO or more Irishmen gather together here over a glass these days, their speculation turns as much on who will be the next Irish member of the European Commission as the next Taoiseach in Ivesagh House. Their interest goes beyond the normal desire of bureaucrats and journalists to have typed a political winner. This time national pride is at stake. The vacancy in the Commission arises from Mr Michael O'Kennedy's success in winning a Parliamentary seat in the recent election.

Mr O'Kennedy must have thirsted for that political victory because he enjoyed precious few during his year in Brussels. Mr O'Kennedy, with a respectable record as Foreign Minister behind him, had a hastily secured two-thirds of the vote because he had nothing to do.

He had partly himself to blame for this. When the Commission jobs were percolated out during the traditional negotiating dog-fight in January 1981, Mr O'Kennedy did not seem to know what he wanted and as a result secured two-thirds of the vote. He was put in charge of the personnel portfolio which, though important to the working of the Commission, is politically trivial on its own.

As a by-product, President Gaston Thorn made him his special assistant dealing with the so-called mandate—the proposals for developing new policies and reforming agriculture and the budget. This did virtually nothing for the Irishman's political profile since the President would not and could not surrender his own central role on the mandate.

But even if Mr O'Kennedy had fought harder on that January night his embarrassment would only have been saved at the expense of someone else. In normal times there are not enough good jobs to go around a 14-man Commission. But the difficulty was compounded this time because M Thorn allowed his Belgian colleague Etienne Davignon to pull two plums out of the employment pie: industrial policy and energy policy. M Davignon is one of the

cleverest and most able men in the Commission. Once he had decided what he wanted, the President felt unable to demur.

The O'Kennedy question is whether Mr O'Kennedy's successor should also be a victim of these circumstances. Irish pride decrees that this should not be so and the next Irish Prime Minister, whoever he is, is likely to spell this out in words of one syllable to M Thorn. Indeed, if the employment prospects are not better, the Irish Prime Minister might have his work cut out persuading any man of quality to come to Brussels.

Should M Davignon then be prevailed upon to let go of the energy portfolio? Some people believe so, both for the sake of the development of the Community's energy policy and, perhaps, M Davignon's reputation for skill and effectiveness. The burden of the two portfolios is immense.

M Davignon has handled both with all the skill and expertise that might have been expected. But increasingly he gives the impression of a juggler with perhaps one too many balls in the air. His steel strategy suffered a major setback when U.S. companies filed their anti-dumping complaints after he had appeared to have sewn up political understanding with the U.S. Administration.

His impact on the energy dossier is sporadic and, therefore, rather less effective than if it had his full-time attention. Every six months or so he gives a Press conference to unveil huge packages of proposals which seem to lack priorities and freshness.

The argument is finely balanced. A Davignon firing on two cylinders is in many people's estimation immensely more effective than many another Commissioner firing on all four. Much depends on whom the Irish send to Brussels. He will need to be dynamic, politically astute and able quickly to command the respect of his colleagues on the Commission. A lesser man will have no chance of wresting energy from the Davignon empire.

Letters to the Editor

The costs and benefits of zero-leaded petrol

From Mr J. Pettman.
Sir—Your report of February 23 quotes UK oil companies as stating that to produce high octane unleaded petrol could cost another 15p per gallon. I believe here are cheaper ways to produce such a petrol.

Plans to construct a methyl tertiary butyl ether (MTBE, unleaded octane improver) plant at Nigg Bay, Scotland, were announced last October. The capacity is stated to be 500,000 tonnes/year and the capital cost around £90m. In order to restore the octane value of petrol resulting from a lead reduction from 0.15 grams per litre (the legislated 1985 value) to zero, about 10 per cent (by volume) of MTBE would have to be added to petrol. At the present UK consumption of petrol, roughly 1m tonnes per year of MTBE would be required or two plants of the Nigg Bay capacity costing £180m. This is very different from the £600m to £800m quoted by the oil companies.

The feedstock for this type of plant is the butane fraction of natural gas liquids, obtained from the North Sea or other natural gas operations. Using this as a feedstock to produce MTBE does not, of course, require extra quantities of crude oil would be required if high octane unleaded petrol is produced by other means.

The cost of MTBE produced from natural gas liquids is about 80p per gallon and when

added to petrol at the 10 per cent level would increase the overall cost of petrol by some 2p per gallon.

M. J. Pettman,
11, Rose Walk, Surbiton, Surrey.

From the Chairman, Campaign for Lead-free Air
Sir—Sue Cameron (February 24) does a service to emphasise that the facts on pollution caused by lead in petrol are "either shrouded in secrecy or treated in a cavalier fashion" and that "many of the parties concerned had ulterior motives connected with either profits or politics."

CLEAR's only concern, and that of the ten national organisations, the 170 MPs, the many doctors and scientists and members of the public who support it, is with the welfare of our children.

The British Medical Journal is quoted as saying that the position on this issue should be based on "reliable scientific evidence, not emotional propaganda." While people may well respond in an emotional way to the evidence, and with some justification, the evidence itself is scientifically based. It was this evidence that led the nation's chief medical officer of health to write to senior Whitehall colleagues that "there is a strong likelihood that lead in petrol is a major cause of reducing the IQ of many of our children... some hundreds of thousands are

affected... that new evidence is accumulating all the time—and it always points in the same direction as the existing evidence, so that the health case becomes steadily stronger and stronger."

Sue Cameron refers to other sources of lead pollution but fails to emphasise that 90 per cent of all airborne lead comes from car exhausts, and that airborne lead infiltrates food and water and has a major impact on those sources of lead pollution as well.

If all the exaggerations of costs and difficulties, and all the moral decrying of the health evidence is brushed aside, the following are the key points in the debate: Lead is a neurotoxin and is pumped into the atmosphere in vast quantities from car exhausts and is putting hundreds of thousands of children at risk. Other countries have shown that lead-free petrol can be introduced over a reasonable time scale. Lead-free petrol is inevitable in Britain. The three major opposition parties will, by the end of this party conference season, have committed themselves. The public want it. The health evidence is ever increasing and damning. Thus it makes economic as well as public health sense for the industries to acknowledge reality now.

Des Wilson,
The Campaign for Lead-free Air,
2, Northdown Street, N1.

For sale by tender

From Mr M. Bealey.
Sir—Now the initial furore over Amersham International has died down it may be time to discuss in public the pros and cons of various issuing methods.

Certainly as a tax payer I would like the issue resolved before the issue of Erital is expected in May this year. The loss to the public of a premium similar to that expected for Amersham will be approximately £400m.

The sticking points between tender and fixed price offers for sale appear to centre around: (a) an equitable split between the greed of the jobbers on the one hand and vendors on the other. When the vendor is the taxpayer the loss by fixed price is a little more embarrassing for the City; (b) the desire of the Government to distribute shares to as many people as possible with a preference towards the "small investor." In fact, all it provides is extra profits for the printers of prospectuses and quality newspapers as the "small investor" and professional speculator compete in the game for all ages. "multiple applicator." The actual dealing profit on an overall basis is not that large when so much money is tied up for one to two weeks.

I am sure the institutions involved can refine the following system to suit all parties fairly. This involves an offer for sale by fixed tender and is not as "fixed" as it sounds. The offer is split into two parts and are offered for sale by fixed price and one by tender.

The fixed portion can be limited in size, probably being by far the smaller of the two parts: limit applications to a maximum number of shares, thus encouraging the playing of "multiple applicator" and a reasonable dealing profit for the jobbers; and will, spread the shares widely by favouring the small investor; be similar to administering the employee reserved schemes in current issues.

The tender portion can be by far the largest portion (thereby achieving the best price for the vendor) and allow the institutions to achieve the size of holding they desire.

The only objections may be the mechanics of operating it, and determining a market price on the first day of dealing.

I think it is not beyond the issuing houses' ability to overcome the first, or the jobbers to decide on the later, given the usual application date.

M. D. Bealey,
12 Brookwick Court,
Queens Road, Kingston Hill,
Kingston-on-Thames, Surrey.

Money supply targets

From Professor W. Godley
Sir—Mr Samuel Brittan (February 18) now describes, contentiously, an "uncomprehending monetarist." Those Treasury Ministers and officials (some of the latter being the same people) who have turned down the idea of restricting the Government's financial strategy in terms of what always should have been its ultimate goal. Later in the same article he adds: "Those politicians who accepted money supply targets, but balked at the idea of a money GDP (or national cash limit), reveal that they never really thought through why they favoured controlling money supply in the first place. Nor is it any help to emphasise the public sector borrowing requirement, to which emphasis has switched. Unless justified in terms of some more final objective, a PSBR target becomes the mumbo jumbo that the 'wets' accuse of being."

Mr Brittan seems to have forgotten his own advocacy of

money supply targets while the ill-fated "monetarist counter-revolution" was taking place as well as his rapturous response to the original medium term financial strategy. In an article in the FT on March 27 1980, called "A coherent Budget at last" his observation was that "For the economic observer, it is a very exciting Budget indeed. At long last, decisions have been made in a coherent framework... [and] there is a strategy for those elements which Governments can influence."

I regard Mr Brittan's proposal that money GNP targets should now be adopted as dangerous in the extreme. Moreover, when he claims that Professor James Meade considers this to be the most sensible objective to pursue he insufficiently emphasises the conditionality of Professor Meade's support for adopting a target for money GNP. Professor Meade's view, with which I entirely agree, is that unless the institutions through which money wages are determined are radically and effectively reformed the adoption of such targets could be "catastrophic."

Wynne Godley (Professor), Department of Applied Economics, University of Cambridge, Sidgwick Avenue, Cambridge.

Samuel Brittan writes: "Three weeks before the MTF's was published I wrote on March 8 1980, in Economic Viewpoint: "The right thing to do is to explain in prose that the Government's real commitment is to limit the flow of money through the economy (in technical terms the nominal national product). The 'Sterline M' targets are simply a means; and may need to be supplemented or tightened. To spell this out properly would not be to weaken monetary policy but to reinforce it. I thought I made it crystal clear in the article about which Mr Godley writes that Professor Meade's advocacy of a Money GDP target was like Arthur Okun's "conditional on parallel policies to curb wage increases." Economic Viewpoint of January 21 was devoted to a detailed discussion of Meade's book. What more can I do?"

SUN HUNG KAI FINANCE CO., LTD.

ANNOUNCEMENT

Sun Hung Kai Finance Company, Limited is pleased to announce that the Governor in Council has approved its application for a banking licence. Consequently, the Company has initiated procedures to change its name to

"SUN HUNG KAI BANK LIMITED"

and will commence full banking services as soon as practicable.

The official opening ceremony of the Bank will coincide with the inauguration in early autumn 1982 of the Sun Hung Kai Bank Building in the Central District.

The Company's registered deposit-taking subsidiary will continue to offer non-banking financial services.

On this special occasion, the Company wishes to express its appreciation to friends, clients, and shareholders for their continual support.

February 22, 1982

J.P. 20/82

Tesco's trading is 'satisfactory'

SATISFACTORY TRADING was recorded by Tesco Stores (Holdings) during the Christmas period, in spite of a slow build-up aggravated by the abnormal weather, says Mr Leslie Porter, chairman, in his interim statement to shareholders.

Mr Porter adds that the group has been left with minimal stock levels. Trading in the first few weeks of January was affected by the severe weather conditions particularly in the West Country and Wales.

Twelve new stores are scheduled to open in 1982/83, which together with extensions, will add approximately 460,000 sq ft to selling area, says Mr Porter.

Group borrowings will benefit from the sales of investment land and properties surplus to requirements which to date have realised £22m.

Hill and Smith predicts current year improvement

IN HIS annual statement Mr Denis Hodgetts, the chairman of Hill and Smith, predicts that profits in the first half of the current year will be "appreciably better" than those of the corresponding period last year and subject to present trends continuing he says he is confident that full year profits will show a "significant improvement."

He points out, however, that it would be unrealistic to expect the figures to reach the record 1980 level until there are more positive signs of a recovery in the economy generally.

Mr Hodgetts says trading in the steel stockholding division, which returned to profit in the final quarter of 1980-81, continues to improve and that satisfactory profits were earned in the first quarter of the current year. The division is expected to make a "healthy" profit contribution for the full year.

Demand in the forging sector is at a "very depressed level" although the small improvement which started at the end of last year has been maintained. The chairman says the division has to meet high energy costs and that the substantial increase in oil and electricity charges incurred last year have not been fully recovered in selling prices.

The reorganisation already implemented is expected to allow the division to continue in small profit but Mr Hodgetts warns that unless a substantial improvement in demand arises

New Darien first year ends at £115,854 net

THE FIRST year for the New Darien Oil Trust has ended with after-tax revenues of £115,854 for the period from December 3 1980 to January 31 1982. A special dividend has been declared of 0.85p and a final dividend proposed of 0.15p.

During the Trust's first year the directors have adopted a policy of gradual investment of the funds raised in February 1981. The significant level of liquidity at a time of high interest rates has produced substantially greater income than may be expected in future years, they say.

The directors stress that the special dividend arises from exceptional circumstances and should not be regarded as setting a precedent for payments in future years. The final dividend is expected to set the pattern for future annual payments.

Total income from investments amounted to £382,683. Taxation took £128,757. Earnings per share were stated at 1.16p.

The special dividend will absorb £88,000, and the proposed final £15,000.

Net assets were shown at £8,32m. Net asset value per share emerged at 63.2p. Adjusted for exercise of in full of rights attached to warrants, net asset value amounted to 84.7p.

U. U. Textiles shows £29,400 deficit midway

A COMBINATION of tight margins and short customer lead times was behind taxable losses shown by U. U. Textiles for the 26 weeks to December 23 1981. The pre-tax result moved from a surplus of £24,200 to a deficit of £29,400, for this women's and children's wear manufacturer.

In some cases, the directors stated, suppliers were unable to deliver according to schedule, which impaired factory efficiency. However, they add that since September the group has been trading profitably, and they are confident that pre-tax profits will be earned in the second half which should eradicate the first-half loss.

No dividend has been paid (same). The last payment was 0.2187p net per 10p share for 1979.

Sales were lower at £2,08m, against £2,56m previously.

Pre-tax profits were struck after reduced financing costs of £31,700 compared with £48,300 last time, and minority deductions of £1,200 (£1,300). There was no charge for taxation (same).

Attributable losses amounted to £42,700 (£4,500) after a lower extraordinary debit of £3,300 (£2,800). Loss per share was given as 1.25p (11.05p earnings).

Marginal downturn at Eleco

ANNOUNCING the first half results of Eleco Holdings, the chairman Mr Frank Webster says they must give rise to a certain amount of satisfaction in these difficult times. The group has sustained its taxable profit within 5 per cent of the corresponding period of 1980—£734,000 against £773,000—despite a substantial drop in turnover from £10.37m to £8.36m.

This reflects in no small measure the policy of the last few years to create an investment income alongside trading. Net rents and interest accounted for £269,000 (£298,000) of the profit. This situation will continue with a steadily rising rental income partly in lieu of interest, but he looks forward to the time when profits will play a more positive role in the results and enable them to resume their former role.

The interim dividend is being maintained at 10p per share. Total for the year ended June 30 1981 was 3.4p net from pre-tax profits of £1.67m, to which net rent and interest contributed £596,000.

Footwear Industry higher midterm

TAXABLE profits of Footwear Industry Investments rose from £263,000 to £305,000 for the six months ended November 1981. External sales, however, fell from £5.7m to £4.06m. The comparable profit figure included £28,247 received from the disposal of shares in an associate.

A net interim dividend of 1.54p per 25p share is being maintained—last year a final of 3.5p was paid out of pre-tax profits of £684,719. Half-year stated earnings per share rose from 3.2p to 4.2p.

Mr M. Sumray, chairman, and Mrs Sumray are waiving most of their entitlement on 1.2m shares which reduces the cost to the company by over £18,000 to £44,000.

The company manufactures and distributes footwear and supplies raw materials and components to footwear manufacturers.

Mr Sumray says the reduction in turnover was as anticipated due to lower sales by merchant companies, Fiona Footwear, the company's manufacturing

Westwood Dawes £0.17m loss

AS PREDICTED at midyear, Westwood Dawes and Company finished the 12 months to end-December 1981 well in the red, the pre-tax deficit emerging at £166,893, compared with a surplus of just £31.

However, the group, a structural and mechanical handling engineer, had a better second half compared with the first six months—taxable losses for the period were reduced from the first half's £188,968, which included a debit of £37,842 for redundancies, to £7,825.

Full year redundancy costs totalled £38,048 (£46,688).

After tax credits of £84,080, against £14,136, the loss came through at £82,813 (£14,227 profit), equal to a loss per 25p share of 8.57p (1.13p earnings).

There is again no dividend—the last payment was a final of 1.5p net, which made a total of 2.5p for 1979.

On a CCA basis the pre-tax loss was £248,566 (£121,048).

Ward Hldgs. slips to £1.2m fulltime but pays same again

LOWER pre-tax profits of £1.2m, compared with £1.58m, are reported by property developer Ward Holdings for the year ended October 31, 1981, although turnover for the period edged up from £12.51m to £12.91m.

After six months taxable profits had fallen to £310,000 (£313,000) and in their interim report the directors warned that the difficult market conditions had not eased and that these were affecting the present results.

Full year stated earnings per share emerged well down at 12.4p (18.8p) but a same-again final dividend of 3.01p maintains the net total at 4.2p per 10p share.

Tax took £136,000 (£125,000) and after minority credits last time of £4,000 the attributable balance came through at £1.09m, against £1.46m.

The group has now completed the purchase of an area of 120 acres of land for residential development in Kent which the directors say is a prime site of key importance. Although it is having a significant effect on the company's borrowing requirements, it will prove an important acquisition, they add.

It is pointed out that at the present time there is a surplus of second hand property on the market which is affecting the volume of new housing and the margins obtained. The directors say it is difficult to predict the timing of a positive recovery in the housing market.

The manufacturing operation is now making a satisfactory contribution.

AGRICULTURAL

The Agricultural Mortgage Corporation is issuing £2m of 14 per cent bonds dated March 4 1983 at par.

ICI in 1981

The Board of Directors of Imperial Chemical Industries PLC announce the following trading results of the Group for the year 1981, subject to completion of the audit, with comparative figures for 1980.

Trading Results Year 1981

	1981 £millions	1980 £millions
Sales to External Customers		
Chemicals		
United Kingdom	1899	1881
Overseas	3851	3259
	5750	5140
Oil	831	575
Total	6581	5715
Trading Profit	425	332
After providing for Depreciation	348	291
Profits less losses from trade investments	52	62
Interest and financing costs less income	-142	-110
Profit before taxation	335	284
Taxation	-111	-123
Profit after taxation	224	161
Attributable to minorities	-32	-31
Profit attributable to parent company before extraordinary items	192	130
Extraordinary items	-6	-150
Profit (loss) attributable to parent company after extraordinary items	186	-20
Dividends	-113	-101
Profit (loss) retained for the year	73	-121
Earnings before extraordinary items per £1 Ordinary stock	32.3p	22.1p
Dividends per £1 Ordinary stock	19.0p	17.0p
Profit before loan interest and taxation, as a percentage of average assets employed	9.4%	8.6%

Sales
Group chemical sales for the year were £5750m, an increase of £610m (12%), of which £18m (1% increase) was in the UK and £592m (18% increase) was overseas. Oil sales increased by £256m (45%) to £831m. The increase in chemical sales comprised a volume improvement of 2%, an increase in prices of 7% and a 3% improvement in overseas sales due to currency changes. Volume growth of 5% in overseas markets contrasted with a 3% reduction in the UK.

The f.o.b. value of chemical exports from the UK, was £1300m compared with £1116m in 1980, due primarily to a 13% increase in volume. Oil exports increased from £57m to £153m.

Profits
The continuing difficult trading conditions in world markets, particularly in the UK, permitted only a minimal improvement in profit margins despite significant savings on fixed costs. Although margins recovered from the abnormally low levels reached in the second half of 1980, they nevertheless remained unsatisfactory and substantially below those achieved in earlier years.

The pattern of profitability has remained largely unchanged. Profits in the agriculture, pharmaceuticals and industrial explosives sectors advanced, but profits from oil were lower as a result of the imposition of supplementary petroleum duty. The petrochemicals and plastics, organics and fibres businesses continued to make significant losses, but these were substantially lower than in 1980. On a territorial basis there was a marked improvement in UK profits as exports returned to profitability, and also in profits in North America. There was a modest increase in Australasia and the Far East.

The following table summarises the quarterly sales to external customers and profits before tax.

	Chemical Sales £millions	Oil Sales £millions	Profit Before Tax £millions
1980 1st Quarter	1359	164	171
2nd Quarter	1331	121	103
3rd Quarter	1191	113	3
4th Quarter	1259	177	7
Year	5140	575	284
1981 1st Quarter	1287	209	52
2nd Quarter	1418	185	83
3rd Quarter	1477	174	86
4th Quarter	1568	263	114
Year	5750	831	335

Taxation

The charge for taxation for the year 1981 amounting to £111m (1980 £123m) consists of £41m of UK corporation tax (1980 £41m) and £70m taxation of overseas subsidiaries and principal associated companies (1980 £82m).

Fourth Quarter 1981

Group chemical sales in the fourth quarter were £1568m, 6% better than the seasonally low third quarter. Group chemical sales volume improved by only 2%, prices were increased by 1% and currency movements accounted for a further 3% increase in sales in sterling terms. Oil sales rose from £174m in the third quarter to £263m in the fourth.

The f.o.b. value of chemical exports grew throughout the year to reach £352m in the fourth quarter, an increase of 6% on the previous quarter (£331m).

The Company's oil business (including its share in the Ninian oilfield) produced trading profits of £25m in the quarter (third quarter £18m) after supplementary petroleum duty and petroleum revenue tax of £45m (third quarter £26m).

Current Cost Accounts

	Current Cost	
	1981 £millions	1980 £millions
Trading profit	111	93
Profits less losses from trade investments	27	26
Interest and other financial items	-54	-46
Profit before taxation	84	73
Taxation	-111	-123
Minority interests	-14	-11
Loss attributable to parent company before extraordinary items	-41	-61
Extraordinary items	-6	-173
Loss attributable to parent company after extraordinary items	-47	-234
Dividends	-113	-101
Loss for the year	-160	-335
Earnings before extraordinary items per £1 Ordinary stock	-6.9p	-10.4p

The current cost trading profit is stated after charging supplementary depreciation of £185m (1980 £165m), a cost of sales adjustment of £119m (1980 £109m), a monetary working capital adjustment of £52m (1980 £3m), and after taking credit for the indexation of Government grants of £42m (1980 £38m). The interest cost in the current cost statement is after crediting an SSAP16 gearing gain of £88m (1980 £64m).

Current Trading and Prospects

Although results in the fourth quarter 1981 were significantly better than those in the previous quarter (Profit before tax £114m against £86m), the underlying trend is not as satisfactory as these figures suggest since some £20m of the improvement represents currency gains on the settlement of export debts which arose from sales in earlier quarters. There is considerable uncertainty over economic prospects for the remainder of 1982 in all major markets and there is no firm evidence yet of sustained improvement in demand.

Dividend for 1981

The Board has declared a second interim dividend of 10.0 pence (ten point nought pence) per £1 unit of Ordinary stock, which the Annual General Meeting will be asked to confirm as the final dividend for 1981, payable on 2 April 1982 to members on the Register today. This, together with the first interim dividend of 9.0 pence (nine point nought pence) makes a total Ordinary dividend of 19.0 pence (nineteen point nought pence) for the year. Including the imputed tax credit of 8.14 pence this is equivalent to a gross dividend of 27.14 pence (1980 24.29p). The second interim dividend now declared will absorb £59m and together with the first interim dividend makes a total of £113m for the year.

Trading results for the first quarter 1982 will be announced on Thursday 29 April 1982.

P.S.G. FLINT
Secretary

Imperial Chemical House
Millbank
London SW1P 3JF

25 February 1982



Imperial
Chemical
Industries
PLC



Co-op Bank Group announces a change in base rate

From 14.00% to 13.50% p.a.
On and after
Friday, 26th February
1982

Deposit Rates will become:
7 day deposits 11.00% p.a.
1 month deposits 11.25% p.a.
Short-term deposits
from 12.00% to 13.60% p.a.
depending on amount & term
(minimum £500 & 6 months)

First Co-operative Finance Limited
Cheque & Save current notional
interest rate is 10%

Companies and Markets

MINING NEWS

UK COMPANY NEWS

Renison tin mine strike leaves RGC in the red

BY KENNETH MARSTON, MINING EDITOR

DISAPPOINTING RESULTS for the first half of its initial full financial year to June 30 come from Renison Goldfields Consolidated (RGC)...

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends...

FUTURE DATES

Table with columns for company name and meeting date. Includes: Anglo American, Anglo Overseas, Anglo Pacific, Anglo Resources, Anglo-Tanzania, Anglo-Tanzania & Country Properties, Anglo-Tanzania & Country Properties, Anglo-Tanzania & Country Properties, Anglo-Tanzania & Country Properties...

metals and mineral sands. But the irony of the situation is that it has also lost money as regards tin, the only metal price which has been riding high...

Instead of cashing in on the artificially high price of tin, RGC's big Renison mine in Tasmania has been hit by industrial disputes which included strikes totalling 61 weeks...

DRG (SA) slides to R5.36m

TAXABLE PROFITS of DRG (SA), the 70 per cent owned South African subsidiary of packaging and stationery manufacturer DRG, fell from R8.78m to R5.36m...

Ramar in profit midway

FOR THE six months to November 27 1981 Ramar Textiles returned pre-tax profits of £105,822, compared with a deficit of £149,611 for the corresponding months a year earlier.

The directors say the company's order book is in a "satisfactory position" and that they view the remainder of the year with reasonable confidence.

IoM Steam Packet faces tough year

A FALL in advance bookings showed that 1982 was going to be a difficult year for the Isle of Man Steam Packet Company.

On roll-on roll-off freight service, Mr Brownson said the company had agreed to purchase the Jaguar which had been chartered for a year.

He said, however, that there was one bright sign—enquiries for the package tour, Haven Holidays, had shown an increase.

He said the company would continue to operate five ships, but had changed sailing schedules substantially in view of the decrease in traffic.

Lornex profit falls sharply

A SHARP drop in fourth-quarter earnings left Canada's Lornex Mining with full-year net profits of C\$23.2m (£10.2m), a fall of 84 per cent from C\$138.8m...

Coal boosts Oakbridge

NET OPERATING profit of Australia's Oakbridge mining, industrial and finance group for the six months to end-December 1981 rose by almost 60 per cent to A\$5.5m (£3.2m)...

DRG (SA) slides to R5.36m

TAXABLE PROFITS of DRG (SA), the 70 per cent owned South African subsidiary of packaging and stationery manufacturer DRG, fell from R8.78m to R5.36m...

The directors say that, as warned in January, the profits of the stationery division were significantly below forecast, with the operating surplus R2.5m lower than in 1980.

In the second half the division exceeded its sales budget and met the year's target, the auditors say, but at greatly reduced margins and increased overheads...

The interim dividend is raised to 3.5 cents (2.05p) from 3 cents last time.

The contribution to pre-tax profit from mining operations rose by 173 per cent over the previous comparable period, but showed no increase over the

owned Farnor Porcupine Mines each have a 50 per cent stake in the venture. Farnor has already said that it would take a C\$15.6m write-off, citing weak metal markets and the inability to improve productivity for the close-down.

Norada's mine closure cost

THE abandonment of the Ontario silver, lead and zinc mining project near Park City, Utah, will mean a charge of between C\$17m (£7.6m) and C\$19m against 1981 earnings of Canada's Norada Mines.

Rowntree Mackintosh

1981 Preliminary Announcement

The following is a summary of the unaudited results of the Group for the financial year 1981 together with comparative audited figures for 1980:

Table with columns for 1981 and 1980. Rows include: Turnover (688.0 vs 629.8), Trading profit (48.0 vs 44.8), Interest (9.3 vs 14.9), Profit before taxation (38.7 vs 29.9), Taxation (12.9 vs 8.5), Profit after taxation (27.3 vs 22.9), Earnings per ordinary share (21.6p vs 20.3p).

- Notes: 1. The Board is recommending a final ordinary dividend of 5.3p per share (1980 4.75p) which together with the interim dividend of 2.7p per share (1980 2.5p) makes a total ordinary dividend for 1981 of 8.0p per share (1980 7.25p)...

Chairman's Comments

As forecast in the Interim Statement last September, the full year's results for 1981 show a return to profits growth, a reversal of the trend of the two previous years. Profits before tax were 28 per cent higher at £40.2 million. Group turnover was up 9 per cent.

The Board has decided to recommend a final dividend of 5.3p per ordinary share making a total for the year of 8.0p per share, being an increase of 10.3 per cent over 1980.

In a year of general economic depression and intense competition within the confectionery industry, trading performances were encouraging. In the United Kingdom the confectionery division, continuing its policy of cost reduction and benefiting from price rises at the beginning of the year, improved its trading margins...

exports; both sales and profits were substantially below 1980's exceptional performance. In Europe, where our objective continues to require the re-investment of profits to build strong, profitable brands, sales volumes increased by 4 per cent; we believe we have the financial resources to continue a policy of investment in this important development area of the Group.

One of the main features of 1981 was the Group's very strong cash position. The contribution from shareholders in response to the rights issue, matched by continued, successful efforts to reduce working capital, was reflected in a lower interest charge.

KENNETH DIXON

LONDON TRADED OPTIONS

Table with columns for Option, Strike, Closing price, Vol., Closing offer, Vol., Closing offer, Vol., Equity close. Includes options for various stocks like BP, Shell, ICI, etc.

BASE LENDING RATES

Table with columns for bank name and interest rate. Includes: A.B.N. Bank (13 1/2%), Allied Irish Bank (13 1/2%), American Express Bank (13 1/2%), Amro Bank (13 1/2%), Henry Ansbacher (13 1/2%), etc.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., May, Last, Vol., Aug., Last, Vol., Nov., Last, Stock. Includes options for GOLD, 12 1/2 NL, 12 NL, 10 1/2 NL, etc.

BANK RETURN

Table with columns for Wednesday Feb. 24 1982 and Increase (+) or Decrease (-) for week. Includes: Liabilities, Capital, Public deposits, etc.

BANKING DEPARTMENT

Table with columns for £ and £. Includes: Liabilities, Capital, Public deposits, Bankers' deposits, Reserve & other accounts, Assets, Government securities, etc.

ISSUE DEPARTMENT

Table with columns for £ and £. Includes: Liabilities, Notes issued in circulation, in Banking Department, Assets, Government Debt, Other Government Securities, etc.

BANOBRAS logo and text: BANCO NACIONAL DE OBRAS Y SERVICIOS PUBLICOS, S.A. has pleasure in announcing the opening of its London Representative Office. Fernando A. Harmsen, Representative, 8 Moorgate, London EC2R 6DD. Tel: 01-606 7971.

KEITH COLLINS PETROLEUM CORP. Appointment of Co-transfer Agents and Consolidation of Shares. Notice is hereby given that Keith Collins Petroleum Corp. has appointed GERALD QUIN COPE & CO. LIMITED of 19/21 MOORGATE, LONDON EC2R 6BX as co-transfer agents to the Company...

Allied Irish Banks Limited logo and text: Allied Irish Banks Ltd. announce that with effect from close of business on 25th February 1982 their Base Rate is reduced from 14% to 13 1/2%.

US\$7,000,000.00 MBI INTERNATIONAL NV Guaranteed Floating Rate Notes 1986 for the 6 months 26/2/82 to 26/8/82. The notes will carry an interest rate of 15 1/2 per annum. Coupon value U.S.\$773.02. Listed on The Stock Exchange, London. Agent Bank: National Westminster Bank P.L.C., London.

KIT KAT * QUALITY STREET * YORKIE * SMARTIES * POLO * BLACK MAGIC * GOOD NEWS * FOX'S GLACIER MINTS * ROWNTREE'S PASTILLES * AFTER EIGHT * WEEB-END * AERO * ROLO * DAIRY BOX * TOFFO * MATCHMAKERS * HELLYTOTS * WALNUT WHIPS * DRIFTER * BLUE RIBBON * BLUE RIBBON * BREAKAWAY * MONTEGO * CREAMOLA * PAN YAN PICKLES * TABLE JELLIES * SUN-PAT PEANUT BUTTER * CHEDDAR SPREAD

Companies and Markets

BIDS AND DEALS

European Ferries expands in U.S.

BY DUNCAN CAMPBELL-SMITH

European Ferries, the shipping, finance and property group, is planning a significant expansion of its land development interests in the U.S.

Mr Keith Wickenden, the group's chairman, indicated last summer that its future in the property market would lie outside the UK after a number of adverse decisions, notably over the "green giant" site on the south bank of the Thames in London.

The group is now hoping to lift from 45 to 95 per cent its equity stake in Tech Center Inc, a U.S. company with suburban shop and office complexes in Denver, Colorado and Atlanta, Georgia. The value of the proposed stake is understood to be around \$50m.

EF took its initial stake in 1979 in a complex deal requiring

little or no cash outlay by the group. Tech Center's 50 per cent owner is Noramco, a private company owned by three Canadian individuals: Mr John Dick, Mr Bill Paule and Mr Vern Heinrich. The remaining 5 per cent of the equity belongs to a minority partner, with EF enjoying first right of refusal to any offer of sale.

Negotiations for EF's purchase of the Noramco shares were said yesterday to be at an advanced stage with a meeting at least another month to be concluded. Payment will be made with EF paper, probably authorized but unused shares.

Mr Wickenden said that there was no possibility of a rights issue to finance the deal. The company completed a one-for-one rights issue last May which raised

\$36.5m—while the issuance of equity in return for tangible assets would increase shareholders' funds and strengthen the group's balance sheet at the same time.

"The purchase will safeguard us against our partners selling out and leaving us in an unwelcome minority position," said Mr Wickenden. "Secondly, we think Denver is one of the key growth areas in the U.S. property market and Tech Center is based on one of Denver's own key areas."

He said he "would not dissent too far" from estimates of the U.S. company's earnings around \$4m-5m for 1981 and \$5m-6m for 1982.

Denver, and a similar venture across about 100 acres in Atlanta. The Georgia Technological Institute holds 15 per cent of the latter. The Denver joint ventures are with a number of major U.S. companies including Aetna Insurance.

EF's increase in its holding remains conditional upon an examination of Noramco presently being undertaken by the group's accountants.

Mr Wickenden and Mr Sindle, EF's managing director, will also agree to remain with the group for five years in return for undertakings from Noramco's senior executives to stay with Tech Center. The three Canadians will remain as managers of the company.

The shares of EF closed up 4p at 82 1/2p.

Charterhouse Petroleum offer for CCP

Charterhouse Petroleum, the oil exploration and production company with North Sea and Gulf interests which is 48.4 per cent owned by the Charterhouse Group, has made an agreed bid for CCP North Sea Associates.

CCP's shares, which are dealt on the Unlisted Securities Market, were suspended on February 19 at 145p. Trading resumed yesterday and the shares closed at 180p.

Under the agreed terms, Charterhouse Petroleum will offer 50p cash plus two of its ordinary shares for each of the

7.95m shares in CCP. The bid offers 71p last night, valuing the offer at 192p per share, or £15.06m in total.

The terms also provide a limited option for CCP's shareholders to elect for cash in place of shares or shares in place of cash. The availability of this option will depend upon different shareholders making complementary elections, however.

Charterhouse's new share issue will be limited to 30.8m shares and its cash offer at £3.22m. Its share price will be assumed to be 75p for the purpose of calculating any exercised option.

Charterhouse Petroleum's share issue will increase its equity capital by between 18.4

and 20 per cent, depending on the offer of cash and shares. The maximum possible acceptance of shares will reduce the Charterhouse Group's stake in the oil company to 38.4 per cent.

The cash requirements of the purchase will be met out of existing cash resources which the company says exceed \$30m.

Associated with the acquisition will be a payment of £100,000 to Cluff Oil by Charterhouse Petroleum for a 17.1 per cent interest in Block 20/8 of the North Sea. While Cluff will remain the operator of the block, this sale will add to the 4.9 per cent interest it already held by CCP.

Dr Jack Birks, who will shortly retire as managing

director of BP, took up his appointment as chairman of Charterhouse Petroleum the day after the company first approached CCP, on February 15.

He heads a company with a 15 per cent interest in an offshore field in Abu Dhabi and a number of holdings in the North Sea, including 2.3 per cent of the Thistle Field. The company said yesterday that a successful acquisition of CCP would make it the first British independent oil company with interests in two separate UK oilfields in production.

Irrevocable undertakings to accept the offer have been given in respect of 12.5 per cent of the shares by two sectors of CCP and in respect of its 29.99 per cent holding by Cluff Oil.

Director of BP, took up his appointment as chairman of Charterhouse Petroleum the day after the company first approached CCP, on February 15.

BICC takes 25% stake in Lamintref

BICC has agreed to buy for £1.8m a 25 per cent interest in Lamintref Aluminium NV, a Belgian aluminium producer. Lamintref Aluminium has traded since November 1981 and comprises the aluminium activities formerly carried out by Lamintref NV.

This investment will secure supplies of aluminium and aluminium alloy rod for the manufacture of overhead line conductors and power cables for BICC.

KIO DISPOSALS

The Kawalt Investment Office has reduced its stake in Chubb and Son from 11.12 to 10.84 per cent. Having sold 200,000 shares, it now holds 6.55m.

It has also disposed of 200,000 shares in General Accident Fire and Assurance Corporation, reducing its holding to 14.67m shares (8.9 per cent).

BAT INDUSTRIES

BAT Industries of the UK plans to reduce its 64.5 per cent stake in the Malaysian tobacco company Berhad (MTC) to 49 per cent to allow 51 per cent local ownership by 1985, MTC said.

RTZ makes agreed bid for Tunnel

BY RAY MAUGHAM

A MONTH after winning control of Thomas W. Ward in a contested £15m takeover battle, the giant mining group, Rio Tinto Zinc Corporation, has used Ward's 42 per cent stake in Tunnel Holdings to launch an agreed bid for the cement and speciality chemicals group.

RTZ is offering four of its own shares for every three "A" or "B" ordinary shares in Tunnel. Taking in the shares which RTZ already owns, including the "C" shares, Tunnel is valued at 572p per share or £138.15m with RTZ shares at 450p down 4p yesterday. Tunnel "B" shares dropped 15p to 550p to match the value of the cash alternative the bidder is also offering.

Tunnel shareholders accepting the offer will be entitled to the final RTZ dividend in respect of 1981. That implies an approximate 15 per cent rise in income, assuming an unchanged total Tunnel dividend for the year to March. The dividend will not be paid to those taking the cash alternative.

The mining group already controls shares representing 50.9 per cent of Tunnel's voting rights and said last November, when it first bid for Ward, that it intended to make an offer for Tunnel. Tunnel, headed by Mr Derek Birkin, has been amenable to this overture all along, with the important caveat that the price could be agreed.

Mr Birkin said yesterday that the price agreed after negotiations over the last 10 days "is

about right." "Both sides," he said, "came out of this with honour."

He expected to produce a profits forecast and a circular to shareholders within the next few days. Tunnel's pre-tax profits grew last year from £10.5m to £15.6m and expanded a further 16 per cent from £7.53m to £8.76m in the subsequent six months. Mr Birkin warned, however, that Tunnel's results for the second half of the year to March would bear the brunt of the unusually harsh winter.

He was "glad that it's all settled." The takeover action surrounding Tunnel started last March when Ward first unleashed an offer which valued Tunnel at some £95m, or 395p per share. It started with a big stake which it had held for decades but, despite hitting its target to 45p, Ward never got beyond 42 per cent control.

As that bid rested in the balance, RTZ made its first appearance in June paying up to 450p per share to buy a small but crucial stake in Tunnel and halting Ward's advance.

The mining group then offered £112m last November, the £125m which was sufficient to win control of the company and an building materials group. It now controls a fifth of the UK cement market and will be starting negotiations to see how its new UK assets fit together.

Burmah may alter Croda bid terms

THE MERCHANT bank advising Burmah Oil on its bid for Croda International, J. Henry Schroder Wagg, said last night that the oil company was "obviously thinking very hard" about the possibility of a change in the terms of the bid.

No decision had yet been taken though, said Schroders. The bid was accordingly extended once again without adjustment for another week. The terms remain 48p cash for each deferred Croda share and 70p cash for each ordinary Croda share. The two closed last night up 2p to 52p and unchanged at 82p respectively.

The level of acceptances received for the bid was only marginally higher yesterday than a week before, leaving Burmah still with a 51 per cent control of 17.51 per cent.

Schroders acknowledged that before there was little hope of attracting further acceptances for the 70p bid against the backdrop of Croda's present share price in the market. Sir Freddie Wood, Croda's chairman, said the latest disclosure of acceptances showed that Burmah was "not even getting the accidental ones."

Sir Freddie reaffirmed the confident profits forecast made by Croda earlier this week. Our forecast generally speaking is based on our present performance rather than any projected improvement," he said.

Referring to some cautious remarks about the future from Sir Maurice Hodgson, the chairman of ICI which announced its bid for Croda yesterday, Sir Freddie added that ICI's record had not always suggested a perfect anticipation of events. He pointed out that ICI cut its dividend last year at what proved to be the low point in the chemical cycle.

Schroders stressed that the ICI results suggested the "considerable uncertainty" prevailing in the sector and thought them "not really consistent" with Croda's own profit forecast for the current year.

Burmah's own shares closed unchanged at 108p.

Table with columns: SPAIN, Date, Price, % or -

Ramar Textiles LIMITED

MANUFACTURERS AND DISTRIBUTORS OF LADIES AND CHILDRENS CLOTHING

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 27th NOVEMBER 1981

Table with columns: 26 weeks to 27th Nov 1981, 26 weeks to 30th Nov 1980, 52 weeks to 29th May 1981

Trading Results

I would refer you to my statement for the last financial year ended 29th May 1981 when I stated that the order book was in a satisfactory position. The same position exists today.

The results for the six months ended 27th November 1981 showed a profit of £105,822 against a loss for the corresponding half year in 1980 of £149,611. I am of the opinion that our recovery is mainly due to design innovation, better management and superb efforts by our staff.

The British Textile Industry has been decimated in the last year. We have been able to overcome the garment manufacturing industry's severe problems by producing more economically, although at depressed prices in order to keep our work force employed at full capacity.

I view the remainder of the financial year with a reasonable confidence that we may show to our shareholders improved profitability for the year.

25th February 1982 M. RADIN Chairman

Citicorp Overseas Finance Corporation N.V.

In accordance with the terms and conditions of the above-mentioned Notes and the Agent Bank Agreement dated as of August 20, 1979, between Citicorp Overseas Finance Corporation, N.V., and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 14 1/8 per annum and that the Interest payable on the relevant Interest Payment Date, May 28, 1982, in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$377.59.

February 26, 1982 By: Citibank, N.A., London, Agent Bank CITIBANK

In war, in peace you need his help

Advertisement for The Army Benevolent Fund featuring a soldier and a child, with text: 'When help is needed, please help him and his dependants. A donation, a covenant, a legacy to THE ARMY BENEVOLENT FUND will help soldiers, ex-soldiers and their families in distress.'

U.S. \$650,000,000 Kingdom of Sweden

Advertisement for Kingdom of Sweden Floating Rate Notes Due 1989, featuring the Swedish coat of arms and text: 'In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 26th February, 1982 to 26th August, 1982 the Notes will carry an Interest Rate of 15 1/4 per annum and the Coupon Amount per U.S. \$10,000 will be U.S. \$769.88.'

THE KINGDOM OF DENMARK

Advertisement for Kingdom of Denmark Floating Rate Notes due 1992, featuring the Danish coat of arms and text: 'In accordance with the provisions of the Notes and the Agent Bank Agreement between The Kingdom of Denmark and Citibank, N.A., dated February 12, 1982, notice is hereby given that the Rate of Interest for the initial interest period has been fixed at 15 1/4 p.a. and that the interest payable on the relevant Interest Payment Date, August 25, 1982, against Coupon No. 1 will be U.S.\$776.16.'

Stakis Organisation

Highlights from the Statement by the Chairman, Mr. Reo Stakis

Group Results

*Another year of growth for the group. *Pre-tax profit up 18.4% at £4,658,000.

Shareholders

*Total dividend increased from 1.4p to 1.8p per share. *Shareholders offers include: £4 food voucher, £5 summer holiday voucher, special wine offer from Haddows.

Hotels and Inns

*Trading profit increased by 7.3% to £2,371,000. *Main resort hotels in Scotland had excellent results. *Very encouraging results from Cowlumbour Highland Lodges time-sharing development.

Casinos

*Trading profit increased by 44.9% to £2,293,000. *Surge of activity due to inclusion of five new casinos acquired between September 1980 and January 1981. *New casinos did not produce normal year's trading and heavy start up costs.

Wines and Spirits

*Trading profit of Haddows up 53.9% at £1,604,000. *Nine new off-licences opened during year and two marginal units closed. *Two more shops opened since year end and seven others programmed to open in next few months.

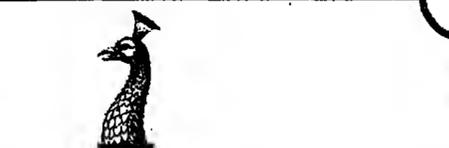
Prospects

*Great prospects for future when recession lifts. Trading in first quarter of 1981/82 ahead of last year.

FIVE YEARS OF GROWTH

Table with columns: 1976/77, 1977/78, 1978/79, 1979/80, 1980/81 and rows: Turnover, Profit before tax, Profit after tax, Earnings per share, Dividends per share, Net assets per share

Copies of the Annual Report can be obtained from: The Secretary, STAKIS PLC., 244 Buchanan Street, Glasgow G1 2NB.



Arbuthnot Latham Merchant Bankers

Our new address: Northgate House, 20/24 Moorgate, London, EC2R 6HH. Tel: 01-628 9876. Telex: 885970 General 884434 Forex (Reception: 6th Floor)

Manchester Office: 39 Princess Street, Manchester, M2 4FN. Tel: 061-228 2411. Telex: 669442. Overseas Offices and Associates: Singapore, Indonesia, Hong Kong, USA.

All Banking and Corporate Advisory Business of the merged Dow Scandia Banking Corporation Limited and Arbuthnot Latham & Co., Limited will be transacted in the name of:

Arbuthnot Latham & Co., Limited. Enquiries to: P.J. Brasier, Chief Executive. Shareholders: Dow Banking Corporation, Switzerland; Sundsvallsbanken, Sweden; Bank of Helsinki, Finland; Forrettingsbanken, Norway.

UK COMPANY NEWS

Companies and Markets

Plessey £18m ahead at nine months

PLESSEY'S GROWTH continued in the third quarter of the current year, with telecommunications...

expanded by 1.6 per cent to £673.9m, after adjusting last year's corresponding result...

and reduced margins in continental Europe, profits fell from £13.91m to £12.6m.

(£16.64m), but including group services of £4.44m (£3.22m), operating profits totalled £72.34m...

BTR Hopkins up 85%

TAXABLE profits of BTR Hopkins, the 67 per cent owned subsidiary of BTR Australia...

growth and progress are in prospect for the current year. Orders and inquiries were at much higher levels...

Osprey Assets seeks listing

A NEW investment trust, Osprey Assets, incorporated in June 1981, is coming to the Stock Exchange by way of an introduction.

longer pay tax on capital gains arising from the sale of investments. Asset value is slightly above 30p per share...

APPOINTMENTS

Managing director of Glacier Metal

Dr Christopher R. Burns has been appointed managing director of THE GLACIER METAL COMPANY part of the AE Group...

chairman of Vickers, as president for the coming year. The two new vice-presidents are Mr Allen Greenwood...

who is retiring after 40 years service with the Society. Mr Robb Hill has been appointed director of finance of PHARMACEUTICAL SOCIETY of Great Britain.

Mr P. Foley has been appointed managing director of IMI FLUIDAIR. Mr Steve Gebbett has been appointed creative director of CHARLES BARKER LYONS.

VISA INTERNATIONAL has appointed Dr Ugo Scarpetta as general manager for Europe, Middle East and Africa, based in London.

Mr Edward D. Collins, of New York, has been appointed a non-executive director of HANSON TRUST.

Mr David A. C. Sarre, a director of BP INTERNATIONAL will retire on April 29. His place on the board will be taken by Mr Michael J. Savage...

Mr John Mortimer has been appointed managing director of BRITISH PUBLICATIONS, Bedford. He was previously publishing director and editor of The Engineer.

Mr W. E. Bell has joined the board of FOSTAL GROUP as a non-executive director from July 1. He is a director and the Middle East regional co-ordinator of Shell International Petroleum Company.

Mr Eric Senat, director of business affairs, for Warner Bros in Europe has today been named a vice-president of WARNER BROS (CONTINENTAL).

Mr Peter J. Erabrook, formerly chairman of Odey Printing Group, has joined PERGAMON/BPC as managing director of BPC Group Services.

Mr Edmund R. W. W. Fears has resigned as managing director of COMET GROUP. Mr Paul N. Gny has been appointed deputy chairman in addition to his duties as financial director.

The ENGINEERING EMPLOYERS' FEDERATION has elected Sir Peter Matthews.

Mr Edmund Fisher has been appointed managing director of Macdonald and Co. (Publishers).

Mr Alan Tilbury has been appointed secretary of the BREWERS' SOCIETY. He was previously deputy secretary.

Mr John S. Singleton has been appointed managing director of KONTAK HARRIS SCOTT, maker of lifts and escalators.

NOTICE OF REDEMPTION

To the Holders of

Mitsui Petrochemical Industries, Ltd.

3 per cent. Guaranteed Notes due 1984

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(A) of the above Notes, the undersigned will redeem on April 1, 1982 \$5,330,000 aggregate principal amount of said Notes at their principal amount, together with interest accrued to the date of redemption.

The serial numbers of the Notes to be redeemed are as follows:

Table listing serial numbers of notes to be redeemed, organized in columns.

On or after April 1, 1982 said Notes will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Coupons due April 1, 1982 should be detached and collected in the usual manner. From and after April 1, 1982 interest on the Notes to be redeemed will cease to accrue.

Dated: February 26, 1982 Mitsui Petrochemical Industries, Ltd.

NOTICE

The serial numbers of Notes drawn for redemption on April 1, 1981, and not yet presented for payment are as follows:

Table listing serial numbers of notes not yet presented for payment, organized in columns.

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$125,000,000

Province of Saskatchewan



16% Notes Due 1989

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

- List of financial institutions: Banque Nationale de Paris, Deutsche Bank Aktiengesellschaft, Orion Royal Bank Limited, Salomon Brothers International, Societe Generale de Banque S.A., S. G. Warburg & Co. Ltd., Wood Gundy Limited

The issue price of the Notes is 100 per cent. The Notes have been admitted to the Official List by the Council of the Stock Exchange, subject only to the issue of the temporary Global Note.

Interest is payable annually in arrears in March, the first payment being made in March 1983.

Full particulars of the Notes are available in the External Statistical Service and may be obtained during usual business hours up to and including 12th March, 1982 from the brokers to the issue:

Hoare Govett Ltd. Heron House, 319/325 High Holborn, London WC1V 7PB

26th February, 1982

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Chrysler reduces annual net deficit to \$475.6m

BY PAUL BETTS IN NEW YORK

CHRYSLER, the troubled number-three U.S. car maker, has incurred a net loss of \$475.6m for 1981, against estimates of more than \$500m for this year, and the whopping \$1.7bn deficit of 1980.

Two Swedish Eurobond offers

BY ALAN FRIEDMAN

THE SWEDISH Export Credit Corporation is back in the Eurobond market with two issues—a \$200m zero coupon bond and a \$75m fixed-interest offer.

Bond queried on share price fall

By Our Financial Staff

THE PERTH Stock Exchange has asked Bond Corporation Holdings (BCH), the main quoted constituent of the Perth Bond, the Australian entrepreneur, if it can explain the sharp fall in its share price over the past week.

Further growth at Litton Industries

By Our Financial Staff

LITTON INDUSTRIES, the defence electronics, office equipment, shipbuilding and industrial group, has reported a further gain in earnings for its second quarter.

Strong rise in trade bill financing lifts Eurobraz

BY WILLIAM HALL, BANKING CORRESPONDENT

EUROBRAZ, the London consortium bank, increased its pre-tax profits in 1981 by 144 per cent to \$16.12m (\$29.4m). It is the latest in a string of Latin American-oriented banks to report a strong performance.

ITT hopeful despite tough year

By Our New York Staff

EARNINGS OF International Telephone and Telegraph, the U.S. telecommunications conglomerate, fell by about 10 per cent in 1981. But this includes some extraordinary gains and charges.

Mannesmann acquires full control of computer group

BY JAMES BUCHAN IN BONN

MANNESMANN, THE West German steel pipe-making and engineering group, has taken a further step in its policy of diversification with the 100 per cent acquisition of Kienzle Apparate, the loss-making computer and electronics company based in the Black Forest.

Credit Suisse holds steady

By John Wicks in Zurich

NET PROFITS of Credit Suisse dropped to SwFr 276m (\$147.6m) last year, a 1.5 per cent decline from the record SwFr 215m (\$150.2m) booked for 1980.

PUK to boost capital spending

BY DAVID WHITE IN PARIS

IN A bid to develop its profit centres Pechiney Ugine Kuhlmann (PUK), the newly nationalised French metals and chemicals concern, is to step up its investment effort this year.

At the same time, the company said it would seek to develop its role as supplier of specialised materials for advanced technology industries.

At the same time, Credit Suisse announces plans to issue a SwFr 300m warrant loan. Warrant bonds of SwFr 1,000 and SwFr 200 nominal value respectively, will be offered to holders every 10 years.

International Commercial Bank ahead

By Our Banking Correspondent

INTERNATIONAL Commercial Bank, a London consortium bank, increased its pre-tax profits by 13.7 per cent to \$24.7m (\$15.5m) in 1981. The bank says that whereas 1980 profits had included net write-backs of earlier provisions, the 1981 profits were struck after specific provisions and a general provision against possible loan losses.

The bank's balance sheet total rose by 97 per cent to \$216.8m, and loans more than doubled to \$355.7m. In dollar terms, the balance sheet grew by 57 per cent and loans by 63 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these, or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 16.

Table with columns: U.S. DOLLAR STRAIGHTS, Issued, Bid Offer, Day week Yield, Change on week. Lists various bond issues like Anheuser-Busch, APF, etc.

Table with columns: DEUTSCHE MARK STRAIGHTS, Issued, Bid Offer, Day week Yield, Change on week. Lists various bond issues like Deutsche Bank, etc.

Table with columns: SWISS FRANC STRAIGHTS, Issued, Bid Offer, Day week Yield, Change on week. Lists various bond issues like Swiss Bank, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid Offer, Day week Yield, Change on week. Lists various bond issues like Can. Utilities, etc.

FLOATING RATE NOTES

Table with columns: Spread, Bid Offer, C. rate, C. rate, C. rate. Lists various floating rate notes like Bank of Montreal, etc.

CONVERTIBLE BONDS

Table with columns: Conv. Conv., Bid Offer, C. rate, C. rate, C. rate. Lists various convertible bonds like Ailmondo, etc.

* Only one market maker supplied a price. Straight bonds: the spread is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions.

Republic of Indonesia

acting by and through its Minister of Finance Buyer Credit Facilities to the values of up to US\$130 million and up to £58 million

Financing for contracts entered into for the Balikpapan Oil Refinery expansion between Pertamina and Bechtel Great Britain Limited as providers of total engineering services together with other UK suppliers of plant and equipment

Arranged, Managed and Provided by Lloyds Bank International Limited and with the payment and financing guarantees of Export Credits Guarantee Department

Table with columns: N. AMERICAN QUARTERLIES, 1981, 1980. Lists financial data for various companies like UJFURN, WESTVAC CORP., etc.



This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$40,000,000



Multibanco Comermex, S.A.
(A private banking institution incorporated with limited liability in the United Mexican States)

Floating Rate Subordinated Notes Due 1992

The following have agreed to subscribe or procure subscribers for the Notes:
National Bank of Abu Dhabi

Abu Dhabi International Bank Inc.	Arab Banking Corporation (ABC)
Arab Latin American Bank - ARLABANK	Bankers Trust International Limited
Gulf International Bank B.S.C.	Lehman Brothers Kuhn Loeb International, Inc.
Manufacturers Hanover Limited	Nordic Bank Limited
Svenska Handelsbanken	Union de Banques Arabes et Françaises - U.B.A.F.

The issue price of the Notes is 100 per cent. The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.
Interest is payable semi-annually in March and September, the first payment being made in September 1982.
Full particulars of Multibanco Comermex, S.A. and the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 12th March, 1982 from the brokers to the issue:
Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

26th February, 1982

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Kevin Done in Frankfurt and (below) Terry Dodsworth in Paris examine the complex background to an important Franco-German agreement

Roussel-Uclaf keeps lifeline to Hoechst

THE DEAL struck between Hoechst of West Germany and the French Government over the future ownership of Roussel-Uclaf—the French pharmaceuticals unit of Hoechst—appears to be an outright victory for German determination and French pragmatism.

Hoechst is the world pharmaceuticals leader, head of groups such as Bayer, Roche, Ciba-Geigy and American Home Products. In 13 years of growing co-operation Hoechst and Roussel have pooled research and development activities to produce some of the most successful new drugs of the last decade.

Hoechst has fought the French nationalisation plans with stubborn determination, backed by the Federal Government in Bonn. The West German Government was not directly involved in negotiations, but the fact that announcement of the deal struck

with Paris was delayed for several days so that it could coincide with the visit by Herr Helmut Schmidt, the Chancellor, to Paris is an indication of the importance attached to the issue by West German political leaders.

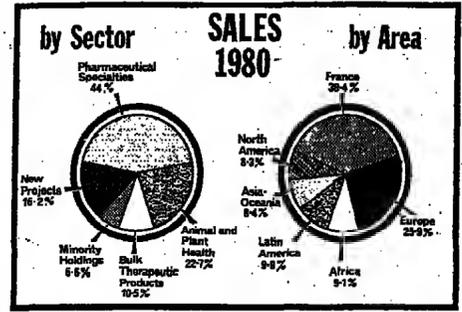
Members of the French Government, including Jack Ralite, the Communist Health Minister, had campaigned for a 100 per cent nationalisation of Roussel, and the administration's opening gambit in negotiations was to insist on at least majority control. But the final outcome leaves Hoechst with at least 51 per cent control.

It has had to cede half of the seats on the supervisory board and the chairmanship to the French state, but its rearguard action has plainly been a success, a tribute at least in part to the impressive performance of the joint venture since 1968.

According to Dr Hansgeorg Gareis, head of Hoechst's worldwide pharmaceuticals operations, the German company set out from the start to maintain the independent identity of Roussel.

In many of the world's leading drug markets, the two companies are still represented separately, in Japan and Italy, selling their own products or the products of joint research under their own names. There are important exceptions, however, particularly in the U.S., where the two operate a joint venture Hoechst Roussel Pharmaceuticals Inc.

Of the 250 ethical drugs offered by the two companies



Operational breakdown of Roussel-Uclaf

around the world between 25 and 30 per cent come from Roussel itself.

The attraction for Hoechst originally in the Roussel acquisition was to gain access to areas of drugs research in which it had had little success, such as steroids, but the major gain has in fact come from areas where the two companies have launched joint research.

"We decided to combine the conservatism of the Germans with the imagination and fertility of the French," says Dr Gareis, concentrating on two areas, in which both companies were virtually unrepresented—psychotropic agents, such as tranquilisers, and cephalosporin antibiotics.

The biggest success of the joint venture research launched in 1969 is the new generation antibiotic Claforan, launched

worldwide sales organisation, reflected by the fact that 65 per cent of the French company's sales came last year from foreign markets. That was a performance that has not been lost on the French Government.

Worldwide Hoechst employs around 36,000 people in its pharmaceuticals activities, of whom 3,800 are in R&D, 17,500 in production and 14,700 in sales. Its total drugs turnover of DM 6.2bn in 1981 accounted for 17 per cent of group sales, but it is thought that this one division contributes between 40 and 50 per cent of group profits.

Spending on pharmaceuticals R&D is expected to rise to DM 620m this year—up from DM 580m in 1981—accounting for around 50 per cent of Hoechst's total research budget of DM 1.2bn.

Even without Roussel, Hoechst aims to double its drugs sales to around DM 7.2bn by 1985. By that year new product innovations could be providing as much as 28 per cent of projected turnover. Of forecast drugs sales of DM 4.8bn in 1982, about 14 per cent are expected to come from products not on the market at the end of 1980.

Major boosts to sales are expected not only from Claforan, but also from a group of new preparations including an anti-rheumatic, a diuretic drug, a cardiovascular agent and a beta-blocker. New research products could be contributing an extra DM 700m to sales by 1983 and around DM 2bn by 1989.

last year and now on sale in all the major drug markets of Europe, the U.S. and Japan. Sales of this drug alone are expected to total DM 250m-300m (\$105m-127m) this year as Hoechst and Roussel try to capitalise on the lead they have managed to achieve in this area, ahead of Eli Lilly of the U.S. and Takeda of Japan.

The next steps of the joint research effort will take the two companies further into research and development for new chemically-related areas of antibiotics research involving new ways of delivering the drugs orally rather than by injection.

Roussel's research-intensive agro-chemicals activities also offered Hoechst access to new R&D expertise in this field. But in return the German company brought Roussel a

This advertisement complies with the requirements of the Council of The Stock Exchange.

February 26, 1982



Oesterreichische Kontrollbank Aktiengesellschaft
(Incorporated with limited liability in the Republic of Austria)

U.S. \$ 100,000,000

Guaranteed Floating Rate Deposit Notes 1987

U.S. \$60,000,000 of which are being issued as the Initial Tranche

Guaranteed as to payment of principal, purchase money and interest by the

Republic of Austria

Orion Royal Bank Limited	European Banking Company Limited	Manufacturers Hanover Limited
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The Notes constituting the above Issue have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the Notes.
Particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including March 10, 1982 from:-

Orion Royal Bank Limited, 1 London Wall, London EC2Y 5JX	and	Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN
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An outstanding example of French flair

THE RECENT nationalisation saga over Roussel-Uclaf is rather like a re-run of the events that took the company out of French control in the first place in 1974.

Until the early 1970s, Roussel had been one of the most outstanding examples of post-war French enterprise, built up by a vigorous industrialist, M. Jean-Claude Roussel, who turned a small family concern into an international force. M. Roussel's death, in an air crash in 1972, provoked a crisis.

The family had to sell shares to pay for the huge death duties on his industrial empire. Hoechst, already a partner, moved in and bought up majority control, despite a prolonged effort by the French Government to

block the deal and integrate the company with Rhone-Poulenc's pharmaceuticals division.

The Socialist election victory revived the argument for reconstructing the French pharmaceuticals sector, with Roussel forming a part of this reorganisation after being nationalised. M. Jack Ralite, the Communist Minister of Health, strongly supported this approach. But in the end the Government preferred a pragmatic solution, leaving the group, within the orbit of Hoechst, in the interests of maintaining a healthy working operation.

This deal was convenient partly because France now has two other pharmaceutical companies, Rhone-Poulenc and Sanofi, the Elf

Aquitaine subsidiary, that are healthy and expanding on a world scale.

At the same time, Roussel has grown substantially under Hoechst's tutelage, with sales increasing from FF 2.5bn in 1974 to FF 6.5bn (\$1.1bn) last year, and investments rising from FF 130m to FF 300m, the Government is clearly intent at the moment on limiting the cost of its nationalisation programme, which was pushed up sharply by the Constitutional Council decision demanding better treatment for shareholders.

It is not yet known how the Government will step up its stake from the current 20 per cent held by state institutions to a blocking minority of a little more than 33

per cent. But the possible mixture of buying in the open market and from Hoechst will be infinitely cheaper than bidding for the whole company.

While the French Government has hinted that it might eventually raise its stake to more than 50 per cent, this seems to be inspired more by the need to mollify its own troops than by a real intention. The blocking minority it intends to take will give the state a fair degree of influence over the future development of the company. In addition the equal division of board representation, with a French chairman, will add to the public cosmetics necessary to pass the deal off as a reasonable solution.

NEW ISSUE *The Debentures have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States of America, its territories or possessions or to nationals or residents thereof.* **FEBRUARY 1982**

These Debentures having been sold, this announcement appears as a matter of record only.

U.S. \$25,000,000

APS Finance Company N.V.
(Incorporated with limited liability in the Netherlands Antilles)

16% Guaranteed Debentures Due 1989

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

Arizona Public Service Company
(Incorporated in Arizona)

Credit Suisse First Boston Limited	County Bank Limited	Crédit Lyonnais
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Deutsche Bank Aktiengesellschaft	Kreditbank International Group	Crédit Lyonnais
Kleinwort, Benson Limited	Swiss Bank Corporation International Limited	Crédit Lyonnais
Svenska Handelsbanken	Dean Witter Reynolds Overseas Ltd.	Crédit Lyonnais
Union Bank of Switzerland (Securities) Limited		Crédit Lyonnais

Siemens in marketing deal with Xerox

By Kevin Done in Frankfurt

SIEMENS, the West German electrical and electronics group, signed an agreement with Xerox of the U.S. covering the exchange of certain products to strengthen its range of office information equipment.

Siemens aims to combine the Xerox-developed Ethernet and System 8000 office equipment with its own range of private communication networks and office systems. It has acquired rights from Xerox to market this equipment in West Germany, Switzerland and Austria independently of Rank Xerox's own sales activities.

Ethernet offers a high-speed, local coaxial "bus network" for connecting up to 1,000 workstations while System 8000 involves an integrated office workplace for documentation for handling text and graphics. Siemens had a turnover last year of DM 34.6bn (\$14.6bn) of which around DM 10.4bn was derived from communications activities. Of this, about 20 per cent is estimated to have come from sales of office information equipment.

Steel losses hit SKF earnings

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN GOTHENBURG

A LOSS of SKr 119m on its steel operation depressed earnings at Sweden's SKF group from SKr 953m in 1980 to SKr 805m (\$141m) last year. Profits on the main rolling bearing business rose to SKr 851m from SKr 829m.

SKF had predicted a "moderate" profit decline in the 1980 annual report. Earnings per share fell from SKr 25.80 to SKr 19.20.

The board proposes an unchanged dividend of SKr 7 a share on the A and B shares while the new C stock will receive its guaranteed SKr 12 a share.

In addition, to mark the company's 75th anniversary, a bonus of SKr 1 a share is to be paid on the A and B shares, making a total dividend payment of SKr 187m against SKr 126m in 1980. A one-for-four scrip issue covering all categories of shares is also planned.

Group sales rose by 8.5 per cent in 1981 to SKr 13,570m (\$2,380m), rolling bearings coming out best with a 12 per cent increase. Special steel turnover dropped by 1 per cent and sales of tools fell by 2 per cent.

The plunge from a SKr 20m profit to a SKr 119m loss on the steel business is attributed to a saturated market which forced SKF to make price concessions. Group income was further reduced by losses on the British subsidiaries and on the castings and textile machinery component business.

Trading income slipped from SKr 1,850m to SKr 1,720m. There was a slight fall in the sales volume and rising costs could not be fully covered.

The return on total assets employed dropped from 11 per cent to 9.7 per cent. SKF sets itself a target of 3 percentage points above a weighted average of the inflation rates in coun-

tries where it has its main operations. By that standard the return was about 3 per cent below target in both 1980 and 1981.

The recovery appears to have been less than expected. Prospects for 1982 are described as good but the degree of change "depends largely on when the economic upturn actually comes," the group says.

Capital expenditure increased from SKr 492m to SKr 622m, equivalent to 53 per cent of the self-financing resources generated during the year. Net financial charges rose only marginally, to SKr 449m.

After adjusting for currency translations, SKF shows a group pre-tax profit of SKr 858m for 1981, only SKr 22m below the 1980 figure. By taking SKr 150m from the parent company's inventory reserve, a net income of SKr 587m is shown, against SKr 447m.

U.S. \$25,000,000



Bergen Bank A/S

Floating Rate Capital Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 26th February, 1982 to 28th May, 1982 the Notes will carry an Interest Rate of 15 1/2% per annum. The relevant Interest Payment Date will be 28th May, 1982 and the Coupon Amount per U.S. \$1,000 will be U.S. \$38.55.

Credit Suisse First Boston Limited
Agent Bank

U.S. \$100,000,000



Manufacturers Hanover Overseas Capital Corporation

Guaranteed Floating Rate Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 26th February, 1982 to 28th May, 1982 the Notes will carry an Interest Rate of 15 1/2% per annum. The relevant Interest Payment Date will be 28th May, 1982 and the Coupon Amount per U.S. \$1,000 will be U.S. \$38.23.

Credit Suisse First Boston Limited
Agent Bank

RWE plans to raise capital

By Our Financial Staff

RWE, the West German utility, will raise its capital in the foreseeable future, probably during 1983.

Herr Friedhe Gieske, managing board member, told the annual meeting that an injection of fresh capital was needed to improve the company's capital structure. RWE has a capital of DM 1.3bn (\$762m).

Last month net profits of DM 496m for the year ended June 1981 were announced. For this year profits are expected to be satisfactory. Sales of electricity rose by 2.2 per cent in the first seven months of 1981-1982.

BANQUE NATIONALE DE PARIS

Mr Rena Thomas, "Administrateur General" of Banque Nationale de Paris, has confirmed Mr Gerard Llewellyn in his former position, pending definition of the new structures of the general management.

This announcement appears as a matter of record only.



Sparebanken Oslo Akershus

US \$30,000,000

Floating Rate Certificates of Deposit
Due February, 1985

European Banking Company Limited	Bank of Tokyo International Limited
Caisse Générale d'Epargne et de Retraite/ Algemene Spaar-en Lijfrentekas	Citicorp International Group
Hambros Bank Limited	Morgan Guaranty Ltd
Nordic Bank Limited	Société Générale

Agent Bank
European Banking Company Limited

February, 1982

Fall for Bridgestone and Yokohama tyre groups

BY YOKO SHIBATA IN TOKYO

BRIDGESTONE TYRE, Japan's leading tyre company, which is buying a Tennessee, U.S. tyre plant from Firestone Tire, has reported a sharp setback in earnings in the fiscal year ended December 31 because of weak new car and replacement tyre markets.

Unconsolidated operating profit fell by 30 per cent to ¥22.45bn (\$135m). Consolidated net profits were ¥14.18bn, down 42 per cent from the previous year. Per share profits were ¥29.85, compared with ¥56.7.

Domestic sales declined 5 per cent to account for 87 per cent of the total. Demand for replacement tyres began a slow recovery but this was offset by price cutting by manufacturers.

Exports rose 10 per cent, mostly because of increased sales in the U.S. while Middle East markets began to slacken in the second half.

The company's operating profit margin fell to 6 per cent from its traditional 10 per cent to 12 per cent level because of declining sales volume and price cuts.

The yen's appreciation generated exchange losses of ¥2.9bn and reduced export profitability.

In the current fiscal year, Bridgestone has changed its policy from the past aggressive capacity expansion to the improvement of cost competitiveness in order to cope with structural change in the tyre market such as heavy competition in replacement tyre markets and sluggish growth in new tyre demand. As a result, the capital outlay in the current fiscal year will be cut by 43.5 per cent to ¥22bn. Most of the capital outlay is designated for rationalisation.

In the current fiscal year, the

company's operating profits are projected to rise by 35.6 per cent to ¥44bn. Net profits are expected to rise 43 per cent to ¥20bn on expected sales of ¥140bn, up 5 per cent.

Yokohama Rubber, the country's second largest tyre maker, and which is 20 per cent owned by E. F. Goodrich of the U.S., reported a halving of its unconsolidated net income to ¥731m from ¥1.46bn, or ¥3.82 a share from ¥7.61.

Its sales increased marginally to ¥205.68bn from ¥207.73bn although exports increased by 8.3 per cent to ¥57.78bn, or 28 per cent of sales.

Yokohama is forecasting a rapid recovery this year when it expects to double its net income to ¥1.5bn with only ¥300m of this being earned in the first half. It expects sales for the year to rise by 5.4 per cent to ¥220bn.

Sapporo and Asahi breweries show gains

By Our Tokyo Correspondent

SAPPORO BREWERIES and **Asahi Breweries**, the second and third largest Japanese beer makers have reported improved operating profits for the year ended December 31.

Sapporo increased its sales by 19.5 per cent to ¥330bn (\$1.4bn) and its operating profit by 35 per cent to ¥9bn (\$38m) on the strength of increases in the sales volume of both alcoholic and non-alcoholic products.

Asahi suffered a decline in the volume of its beer sales but reported a rise in sales revenue of 7.1 per cent to ¥198bn because of price increases. Asahi's operating profit rose 5.7 per cent to ¥2.4bn but its net profit was down 14 per cent to ¥1.3bn.

The contrasting trend of operating and net profits resulted from the need to pay additional retirement allowances to redundant workers.

The workers were displaced by the introduction of computers and other modern equipment. About 400 workers found jobs in Asahi's subsidiaries or other companies last year.

Asahi suffered a decline in the volume of almost all its liquor sales, except for draft beer, which rose 30 per cent reflecting the company's pioneering role in this area.

Sapporo's beer sales benefited from the introduction of a new two-litre aluminium barrel. Its soft drink sales rose 17 per cent on the strength of a new fresh orange drink.

Sapporo expects a further 8 per cent increase in sales to ¥360bn during 1982 and a 3 per cent rise in profits to ¥9.3bn. Asahi has set its 1982 sales target at ¥215bn, up 8.5 per cent.

Import pressures bring Sumitomo Chemical loss

BY OUR TOKYO STAFF

SUMITOMO CHEMICAL, one of Japan's leading integrated chemical manufacturers, has reported an operating loss of ¥2.8bn (\$12m) for 1981 as a result of high raw material costs and import pressure in its petrochemical division.

Sumitomo's sales were down 4.9 per cent from the previous year's level to ¥640.3bn (\$2.7bn). The company managed to record a net profit of ¥2.3bn, down 75 per cent, by selling securities and by transferring funds from a special depreciation reserve.

The dividend was reduced from ¥4 to ¥3 a share and bonus payments to all members of the Sumitomo Board, a normal component of annual remuneration for most Japanese companies, were suspended in view of the poor business results.

Sumitomo's petrochemical division, which accounts for 70 per cent of the company's total sales, was hit by a variety of problems, including slack demand and high raw material costs.

Sumitomo uses naphtha as its main feedstock and imports from the U.S. of petrochemical products produced from cheaper natural gas feedstock cut into the company's sales and forced it to reduce the operation of its plant below break-even levels.

The weakness of the yen against the U.S. dollar during

much of the year further raised the yen denominated costs of feedstock.

Exports fell 10 per cent to take 3.9 per cent of total sales and industrial chemical sales fell 7.7 per cent to take a 54.1 per cent share. Sales of plastics and synthetic rubber fell 5.6 per cent to a 20.7 per cent share. The only bright spot was pharmaceuticals, where sales rose by 25 per cent.

Sumitomo hopes to cover raw material costs with price increases in 1982 and aims to raise sales to ¥670bn, slightly below the 1981 figure. The company forecasts operating profits of ¥10bn and net profits of ¥5bn to ¥6bn. The 1982 dividend should be restored to ¥4.

Argus to reduce links with SAAN

JOHANNESBURG—Moves to separate the affairs of South Africa's two English-language newspaper groups have been announced after a Government commission said their present relationship was close to a monopoly.

Argus Printing and Publishing Company said yesterday it was withdrawing its two members from the nine-man board of South African Associated Newspapers. Argus said it was also giving up voting rights for its 39 per cent shareholding in SAAN, except on financial matters directly affecting its Argus investment.

Argus and SAAN together control all but three of South Africa's more than 20 English-language newspapers.

Mr Slater, the Argus chairman, said the market value of Argus's holding in SAAN was about R15m (\$15.7m).

An investigative commission proposed three weeks ago that Argus be forced to give up its SAAN holding, and that other steps be taken to ensure diverse ownership of newspapers.

Mr Slater said Argus bought its SAAN shares more than 10 years ago when joint printing operations were considered. He said joint printing did not take place, partly because of editorial and commercial rivalry between the two newspaper groups.

Argus's holding was increased about six years ago to thwart a take-over bid. "We have never controlled SAAN policy and we never want to do so," Mr Slater said.

Argus was relinquishing all voting rights for its shares except on such matters as take-over bids or disposing of SAAN assets. Argus would retain its investment in SAAN.

Woolworths up by 14% after slower second half

BY OUR SYDNEY CORRESPONDENT

WOOLWORTHS, the Australian retailer, weathered strong competition and industrial trouble to increase its profit in the year to January 27.

Sales rose 15.4 per cent from A\$2,277m to A\$2,622m (US\$ 2,825m) and net profit showed a 14.24 per cent improvement from A\$39.9m to A\$45.6m (US\$ 49.1m).

But the results provide further evidence that the retailers did not enjoy the customary boom in Christmas trading as after a 20 per cent profit increase in the first half there was a slowdown to profit growth of 11.55 per cent.

The final dividend proposal for 1981-82 has been lifted from 9 cents to 9.5 cents a share, for a total of 14 cents against 13.5 cents. The higher dividend is covered by earnings up from 27.39 cents to 27.63 cents a share.

The tax charge went up from A\$32m to A\$39m while interest paid climbed from A\$4.9m to A\$8m. The surplus on the sale of properties dropped from A\$726,000 to A\$20,000.

Net profit as percentage of turnover was virtually unchanged a 1.81 per cent although operating margins improved.

The directors said the company performed well in the face of the "highly competitive nature of the retail industry and the adverse effects of recurring national industrial disruption during the year."

Woolworth, unconnected with other similarly named groups, boosted its trading space by 7.9 per cent to 863,000 square metres through the addition, mainly from take-overs, of 54 stores.

Australian car group cuts loss sharply

By Our Sydney Correspondent

AUSTRALIAN MOTOR INDUSTRIES, majority owned by Toyota Motor of Japan, is expected to return to the black in the current year, after reducing its losses to A\$600,000 (US\$655,000) in the first half from A\$7m a year earlier.

The company said it had responded to the challenge of the 85 per cent local-content rules and was optimistic about an early return to profit.

AMI provided the first shockwaves for the local industry last year when it dropped A\$9.5m into the red for the year ended June, laying the blame on the Federal Government's automotive industry policies.

The company, which assembles and distributes Toyota vehicles, held its interim dividend at 2 cents a share.

WARNER-LAMBERT INTERNATIONAL N.V.

(Incorporated with limited liability in Netherlands Antilles)

U.S.\$100,000,000 9% Guaranteed Notes due 1984 (unconditionally guaranteed as to payment of principal and interest by Warner-Lambert Company, incorporated in Delaware, U.S.A.)

This Notice is addressed to holders of bearer securities of Warner-Lambert International, N.V. ("the Company").

Copies of the Annual Report and Accounts of the Company and of Warner-Lambert Company are available upon application to the Secretary, Warner-Lambert (U.K.) Limited, Eastleigh, Hampshire.

Interim rise for Mayne Nickless

By Our Sydney Correspondent

MAYNE NICKLESS, the Australian transport group, has achieved another big lift in interim earnings, boosting profit 23 per cent from A\$10.8m to A\$13.2m (US\$14.7m) in the six months to December 31.

The interim dividend has been held at 6.5 cents a share on earnings up from 17 cents to 21 cents a share. Turnover for the six months rose by 26 per cent from A\$223m to A\$287m. The growth came despite industrial disruption.

Expanding overseas subsidiaries helped results, especially the Loomis group in North America.

Directors said the Loomis operations provided a sound base from which to develop the company's presence in the U.S., Canada and Mexico. The integration of Lyon Van Lines and World Wide Shipping Services, acquired last financial year, have also been completed.

Directors said on the basis of current trading conditions and in the absence of significant industrial disruptions, they expected the company would achieve a satisfactory result for the full year.

Rothmans of Singapore ahead

By George Lee in Singapore

ROTHMANS INDUSTRIES, the Singapore arm of the international cigarette group, has reported sharp growth in interim pre-tax profits to S\$13.69m (U.S.\$6.5m) on sales ahead 19 per cent to S\$72.22m (U.S.\$34.2m).

The company was formed last December to take over Rothmans of Pall Mall (Singapore), an unlisted unit of Rothmans of Pall Mall (Malaysia).

Rothmans Industries has performed strongly on the Singapore and Kuala Lumpur stock exchanges since its debut in January. The introductory document forecast that the company's pre-tax profits for the year ending June, would not be less than the predecessor company's S\$16.8m.

It will not pay an interim dividend but as promised in the launch prospectus will pay a final gross dividend of not less than 10 per cent or its equivalent if the company receives approval for its previously proposed three-for-one scrip issue.

Rothmans Industries and its Malaysian sister company are both 50 per cent owned by Rothmans International of the UK.



Bank of Ireland

U.S. \$50,000,000
Floating Rate Capital Notes 1989

In accordance with the provisions of the Notes notice is hereby given that for the three months interest period from 26th February, 1982 to 28th May, 1982 the Notes will carry an Interest Rate of 15 1/4 per annum. The interest payable on the relevant interest payment date, 28th May, 1982 against Coupon No. 10 will be U.S. \$38-55.

By Morgan Guaranty Trust Company of New York, London Agent Bank



Empresas La Moderna S.A.deC.V.

(Incorporated in the United Mexican States)

FLOATING RATE NOTES DUE 1988

In accordance with the provisions of the Notes notice is hereby given that for the interest period from February 26 to August 31, 1982 the Notes will carry an interest rate of 15 3/4 per annum. The interest payable on the relevant interest payment date, August 31, 1982 against Coupon No. 2 will be US\$620.21.

The Chase Manhattan Bank N.A., London Agent Bank

This advertisement complies with the requirements of the Council of The Stock Exchange.

Société Générale

(Incorporated in France as a company with limited liability)



U.S. \$250,000,000
Floating Rate Notes 1990/1995

The following have agreed to subscribe or procure subscribers for the Notes:

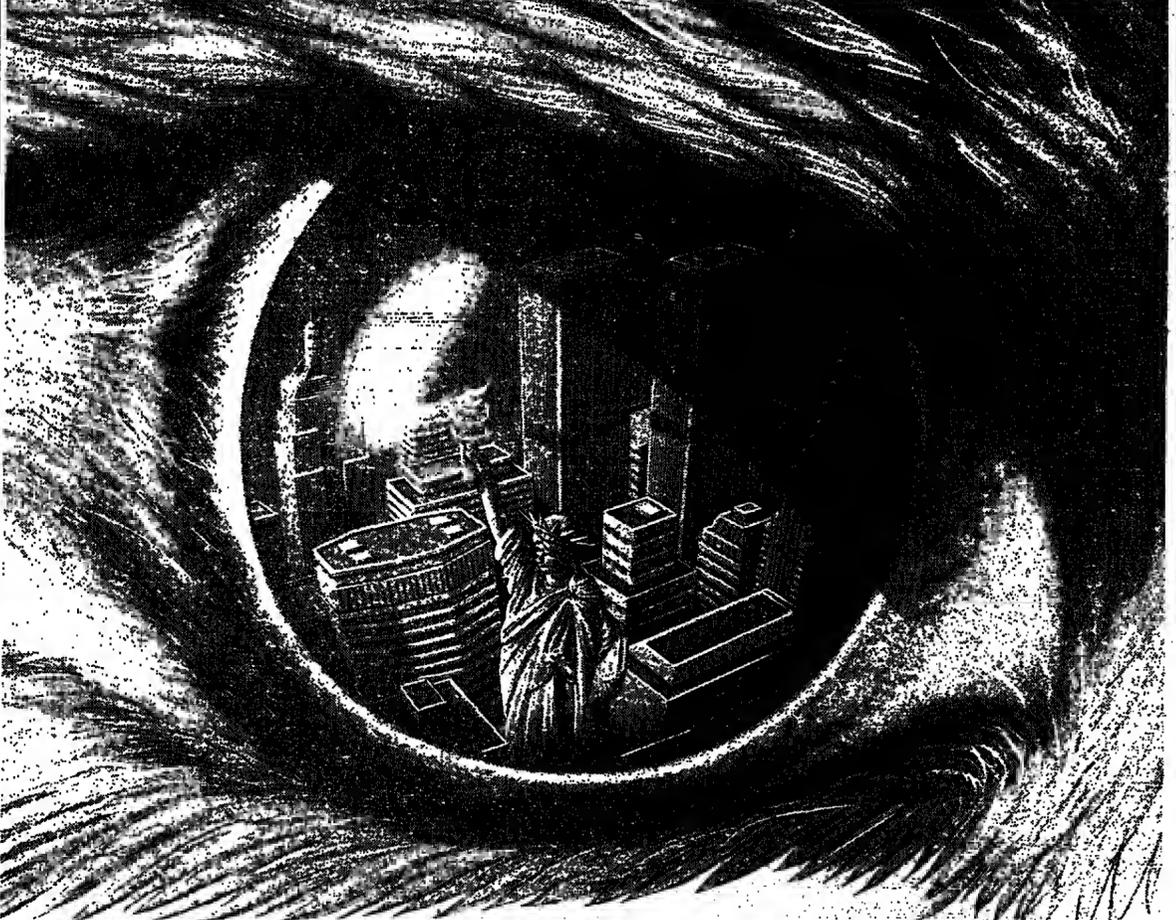
Samuel Montagu & Co. Limited	Amro International Limited	Arab Banking Corporation (ABC)
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Christiania Bank og Kreditkassa	Creditanstalt-Bankverein	Credit Suisse First Boston Limited
Deutsche Bank Aktiengesellschaft	European Banking Company Limited	Fuji International Finance Limited
IBJ International Limited	Kleinwort, Benson Limited	LTCB International Limited
Mitsui Trust Bank (Europe) S.A.	Morgan Guaranty Ltd	Morgan Stanley International
Nomura International Limited	Société Générale da Banca S.A.	Yamaichi International (Europe) Limited

The Notes, issued at 100 per cent, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note. Interest will be payable semi-annually in March and September, with the first payment to be made in September, 1982.

Full particulars of the Notes are available in the External Statistical Service and may be obtained during usual business hours (Saturdays and public holidays excepted) up to and including 12th March, 1982 from the brokers to the issue:

Straus Turnbull & Co.,
3 Moorgate Place,
London EC2R 6HR

26th February, 1982



A bird's eye view of New York

Arab Banking Corporation (ABC) has established a federally-licensed branch and an international banking facility in New York to handle a full range of banking services. Based in the heart of Manhattan, the branch will cover all of North America, including Mexico and Canada.

Although founded little more than two years ago, Arab Banking Corporation has been a lead or co-lead manager of US \$20.7 billion in syndicated loans to borrowers in 38 countries. Our assets are already in excess of US \$4.5 billion and with a paid-in capital of US \$750 million, we have a solid base for continued expansion.

The New York branch adds a further dimension to an international presence firmly established through our Head Office in Bahrain and branch and representative offices in London. These are the first steps in a programme of international expansion which will give us representation in major financial centres and bring us closer to our clients all over the world.

You can benefit from ABC's point of view. Call on us at:

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Telex: 427581 ABCNY
Dealing Room:
Telephone: (212) 697-8315
Telex: 661979 AB FERNY

Arab Banking Corporation (ABC)

Head Office:
Alia Building - Diplomatic Area, PO Box 5698 Manama, State of Bahrain. Telephone: 232235. Telex: 9432 ABCBAH

London Branch:
6-8 Bishopsgate, London EC2N 4AQ. Telephone: 01-363 8511. Telex: 893748 ABCGENG.

Continental European Representative Office:
Morgan House, 1 Angel Court, London EC2R 7HJ. Telephone: 01-606 5461. Telex: 8956601-4 ABCG.



Handwritten signature or mark at the bottom of the page.

Financial Times

Just some of the famous names exhibiting at Olympia, London in June



and supported by the major wine producing countries

These famous brands and the major wine producing countries, France, Italy, Spain, Portugal and Germany represent just some of the exhibitors participating at the International Wine & Spirit Trade Fair held over four days, 14 June 1982 at Olympia, London.

As a trade only fair it will attract a wide selection of important buyers from all sections of the trade. Can you afford not to be there?



For further information contact Brian Bradford, International Wine & Spirit Trade Fair, 23 St. James's Square, London. SW1Y 4JH Tel: 01-839-5041 Telex: 337073

Organised by Industrial and Trade Fairs Limited — the world's largest independent exhibition organisers



INTERNATIONAL WINE & SPIRIT TRADE FAIR OLYMPIA, LONDON 1-4 JUNE 1982 OPEN DAILY 10.00-18.00

CURRENCIES, MONEY AND GOLD

CONTRACTS

Dollar firmer

Dollar was slightly firmer in fairly quiet foreign exchange trading, but finished near its lowest levels of the day. Short-term Eurodollar rates showed a little change, but longer periods were little changed.

THE POUND SPOT AND FORWARD

Table with columns: Feb 25, Day's spread, close, One month, % p.a., Three months, % p.a. Includes data for U.S., Canada, Mexico, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Feb 25, Day's spread, close, One month, % p.a., Three months, % p.a. Includes data for U.S., Canada, Mexico, etc.

CURRENCY MOVEMENTS

Table showing currency movements for various countries like U.S., Canada, Mexico, etc. with columns for Bank of England, Morgan Guaranty, etc.

OTHER CURRENCIES

Table showing exchange rates for various currencies like Argentine Peso, Australian Dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries like Belgium, Denmark, etc.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies like Pound Sterling, Deutsche Mark, etc.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 25)

Table showing FT London interbank fixing rates for 3 months and 6 months U.S. dollars.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-currency interest rates for various currencies like Sterling, U.S. Dollar, etc.

THE GOLD MARKET

The gold market was quiet, with prices steady. The bid and offered rates for 500m quoted by the market to five reference banks at 11 am each working day.

MONEY MARKETS

London rates steady

London clearing bank base lending rate 13 1/2 per cent (since February 25). Short-term interest rates were little changed in the London money market yesterday.

GOLD

Further rise

Gold rose \$2 1/2 in the London bullion market yesterday, to \$365 3/8. It opened at \$366 1/8 and was fixed at \$368 in the morning, and \$366 1/2 in the afternoon.

LONDON MONEY RATES

Table showing London money rates for various currencies like Sterling, U.S. Dollar, etc.

NEW YORK

Table showing New York money rates for various currencies like Prime rate, Fed funds, etc.

FRANCE

Table showing France money rates for various currencies like Discount rate, Overnight rate, etc.

JAPAN

Table showing Japan money rates for various currencies like Discount rate, Overnight rate, etc.

£4m submersible inspection work

TWO SERVICE COMPANIES OF THE BRITISH UNDERWATER ENGINEERING GROUP ("BUE") - British Oceanic ("BO") - (support vessels and manned submersibles) and Sub Sea Surveys ("SSS") (support vessel and remote controlled submersibles) - have signed contracts with Shell UK Exploration and Production to carry out submersible inspection work in the North Sea during 1982.

inspection on a concrete platform at Brent field. KENT PROCESS CONTROL, a Brown Boveri Kent company, has received an order worth about £200,000 from Ilford to supply process computer systems for a new film manufacturing plant at Moberley, Cheshire.

FT UNIT TRUST INFORMATION SERVICE

Large advertisement for FT Unit Trust Information Service, listing various offshore and overseas funds, their managers, and contact information.

Companies and Markets

WORLD STOCK MARKETS

Wall St 5.4 firmer at 1pm

NEW YORK

Table of stock prices for various companies in New York, including ACF Industries, AMF, and Am Int'l.

Table of stock prices for various companies in New York, including Am. Standard, Am. Tel. & Tel., and Am. Express.

Table of stock prices for various companies in New York, including Am. Standard, Am. Tel. & Tel., and Am. Express.

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A trigger for the stock market hopes may have been Bundesbank's announcement that it was taking interest tenders starting at 9.5 per cent for a 35-day securities repurchase agreement.

The Hang Seng index, after a recovery of 1.1% from the previous day's 2,119.40, ended yesterday picked up 6.70 more before receding to 2,255.00, down 2.12 on the day.

Turnover was again thin, amounting to HK\$175.54m on the four exchanges, compared with HK\$395.30m in the short Wednesday session.

Canada

Shares in Canada also tended to recover further ground yesterday morning. The Toronto Composite Index was ahead 5.1 at 1,681.1 at noon. Golds put on 19.3 to 2,451.3, Oil and Gas 12.2 to 2,255.7 and the interest rate sensitive Real Estate and Construction index 22.4 to 5,147.8.

Tokyo

The market recorded its sharpest fall in a month and its lowest point for three months, with sentiment dominated by fears of a worsening domestic economy and growing trade friction with the U.S.

Australia

Markets continued their downward path yesterday, with dealers disregarding the better news about the home Stock Exchange, Perth, to raise a query about the Board Corporation's "completely unfounded rumours" circulating on the Sydney Exchange about the company's financial state.

Hong Kong

After managing only a modest early improvement in response to Wednesday's Hong Kong Budget and the overnight good rally on Wall Street, the market encountered subsequent selling and finished slightly easier on the day.

Japan

Investors were said to have been disappointed with the limited price gains recorded early in the session. The Nikkei-Dow Jones Average ended 83.57 weaker at 7,800.45 for a three-day fall of 178 points. This is the steepest one-day decline since a loss of 100.45 on November 27 last year, while the Average is now at its lowest level since closing at 7,566.17 on December 2.

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NEW YORK - DOW JONES

Table showing Dow Jones index performance for various sectors and dates, including Industrial, Transport, Utilities, and Long Gov. Bond yield.

STANDARD AND POORS

Table showing Standard and Poors index performance for various sectors and dates, including Industrial, Composite, and Long Gov. Bond yield.

NEW YORK ACTIVE STOCKS

Table showing active stock prices in New York, including Mobil, Texaco, and other major companies.

WORLD STOCK MARKETS

Table showing world stock market performance for various countries including Australia, Canada, France, Germany, Hong Kong, Japan, South Africa, and Singapore.

Financial Times USA: (Discount of 25%)

Companies and Markets

Indian tea consumption drive urged

By P. C. Mahanti in Calcutta

INDIAN TEA producers, with international agreement still unresolved now feel that in order to sustain a rising tempo of output active steps should be taken immediately to expand the internal market.

Rubber producer scheme welcomed

BY OUR COMMODITIES STAFF

A SRI LANKAN scheme aimed at boosting the depressed rubber market was "very favourably received" by Malaysian Ministers in recent discussions, Mr Ronnie de Mel, the Sri Lankan Finance Minister, said in Kuala Lumpur yesterday.

Extra coffee quotas released

THE International Coffee Organisation (ICO) 15-day average indicator price rose to 135.02 cents a pound yesterday, breaching the 135 cent trigger level for increasing 1981-82 (Oct-Sep) ICO export quotas. As a result 672,181 bags (60 kilos each) has been added to the 56m bag total quota. Neuter reports.

FARMER'S VIEWPOINT

Where to spend it

ONE OF the farming pundits of my youth, when asked for advice on investing, would respond in these terms: There are mornings when I wake up with an unaccountable urge to go out and buy something, a tractor, a new building or even a shovel. The only cure I have found for the symptoms is to walk gently around the farm and after a while they pass off.

Yet Sir Richard Butler, President of the National Farmers' Union (NFU) deplored the fact that investment in machinery and buildings is down by 18 per cent and 23 per cent respectively. This, I might say, is the constant cry from NFU headquarters and I question whether it is really valid.

one. Some 15 years ago I put up a pig unit to the very latest design of a very practical farmer. No sooner was this completed than I found that my owner had changed his mind, bulldozed down the buildings that had cost and put up one that was completely different.

A sensible investment would be the reclamation of bog moorland, or even the readjustment of field boundaries by the removal of hedges. But these moves are now the target of environmental anger.

By their conservative approach to investment, farmers are probably being sensible. They have read how Danish farmers leaved to such an extent a few years ago that they are now in deep trouble. Some farmers here are too, by overstretching themselves with borrowed money freely offered by the banks. But the great majority prefer to use their cash for other things. After all what is the use of having a farm unless you take out of it more than you put in?

John Cherrington

Tin production cuts inevitable—review

BY JOHN EDWARDS, COMMODITIES EDITOR

THE TIN buying group, that has dominated the market since last July, will have to stop purchasing operations later this year, according to the annual review of the metal markets, issued by Hargreaves and Williamson, London commodity brokers.

New powers to control warble flies

By Our Commodities Staff

THE Ministry of Agriculture has been given stronger powers to guard against British cattle being hit by heavy infestations of warble flies—whose grubs spoil animals' hides by burrowing into their tissues.

British farm land values becoming eroded

BY OUR COMMODITIES STAFF

THE PERFORMANCE of British farm land over the last two years failed to justify the reputation as a reliable hedge against inflation, according to Farmland Market magazine.

short-lived and offered land at more realistic prices. Prices in 1980 had often been "over optimistic", it says.

Plan to boost UK potato sales

BY OUR COMMODITIES STAFF

THE Government is putting up £150,000 to back a plan to boost sales of top quality British potatoes, Mr Peter Walker, the Minister of Agriculture, announced yesterday.

Weekly and Estates Gazette to collaborate with Oxford University's Institute of Agricultural Economics.

BRITISH COMMODITY MARKETS

Table with columns for Base Metals, Copper, Lead, Zinc, Tin, and Aluminium. Includes prices for various grades and quantities.

NICKEL

Table for Nickel prices, including Morning, Afternoon, and Spot prices.

SILVER

Table for Silver prices, including Spot and LME-Turnover prices.

ZINC

Table for Zinc prices, including Morning, Afternoon, and Spot prices.

GAS OIL FUTURES

Table for Gas Oil Futures prices, including Yesterday's and Business Close prices.

GRAINS

Table for Grains prices, including Wheat, Barley, and Oats.

WHEAT

Table for Wheat prices, including Mar, Apr, and May prices.

COCOA

Table for Cocoa prices, including Mar, Apr, and May prices.

COFFEE

Table for Coffee prices, including Mar, Apr, and May prices.

COTTON

Table for Cotton prices, including Liverpool and New York prices.

PRICE CHANGES

Table showing price changes for various commodities like Metals, Grains, and Oil.

SOYABEAN MEAL

Table for Soyabean Meal prices, including Mar, Apr, and May prices.

SUGAR

Table for Sugar prices, including LONDON DAILY PRICE and Mar, Apr, and May prices.

POTATOES

Table for Potato prices, including LONDON POTATO FUTURES and Mar, Apr, and May prices.

MEAT/VEGETABLES

Table for Meat and Vegetable prices, including BATHFURD and Mar, Apr, and May prices.

AMERICAN MARKETS

Table for American Markets prices, including Soybeans, Corn, and Wheat.

WEDNESDAY'S CLOSING PRICES

Table for Wednesday's closing prices for various commodities.

EUROPEAN MARKETS

Table for European Markets prices, including Wheat, Corn, and Soybeans.

INDICES

Table for various financial indices like FTSE 100, Dow Jones, and Moody's.

REUTERS

Table for Reuters prices, including various commodity and financial prices.

Bank of Ireland advertisement: announces that with effect from close of business on the 26th February, 1982 its Base Rate for Lending is reduced from 14% to 13 1/2% per annum.

Bank of Ireland advertisement: continues the announcement about the base rate reduction.

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Companies and Markets

LONDON STOCK EXCHANGE

RECENT ISSUES

Successful Amersham debut highlights volatile equity prices influenced by ICI results—Gilts resume advance

Account Dealing Dates

Table with columns for Dealings Date, Last Day, and Option.

A highly successful debut for Amersham, the radioactive chemicals group floated off by the Government last week, provided the only positive feature in a day notable for fluctuating London equity values.

Here the scene was reminiscent of last year's Cable and Wireless and British Aerospace flotations. Initial business was hectic with sustained stag selling eagerly absorbed by institutional investors wishing to keep up heavily scaled-down applications.

From an opening price of around 190p, Amersham eased to 186p as the early flush of enthusiasm subsided before hardening again late to settle at 185p for a premium of 46p on the issue price.

Away from the Amersham pitches, the scene was more mundane. Leading industrialists found the enhanced operating levels difficult to hold and turned distinctly dull following ICI's preliminary results. The group's profits and dividend were well received, but the accompanying statement on current prospects left the market nervous about the future and ICI, 332p initially,

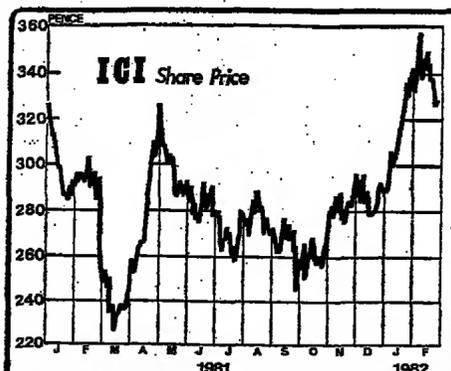
fell to 320p before rallying smartly to close 2 dearer on balance at 328p.

Illustrating the overall volatility in leading shares, the FT Industrial Ordinary share index was 6 points up at 10 am, 3.4 down at 1 pm, and finally 0.8 lower on the day of 531.9—the close largely reflecting above-average falls in Thorn, EMI and Plessey.

Government securities resumed their advance after the previous two-day shake-out. Contributory influences to yesterday's turnaround included revived hopes of lower U.S. interest rates following a major broker loan rate reduction, late overnight firmness in U.S. bonds, easier UK credit conditions and a steadier pound. Lack of selling aided the upturn and, in thin trading, longer-dated stocks rose a point, while the shorts established gains extending to 1; exceptionally, Treasury 8 1/2 per cent 1984-86 moved up a point to 531, small demand finding little stock available.

Composites mixed Composite Insurances plotted an irregular course in moderate trading. Awaiting Monday's preliminary results, Royals lost 4 at 350p, while General Accident, which report annual figures two days later, cheapened a couple of pence at 314p. Revised speculative support helped Eagle Star to rally 4 to 374p.

The major clearing banks traded quietly in the wake of the base rate reductions and generally held up quite well. Barclays preliminary figures due next Monday, closed unattered at



686p, while Lloyds softened 2 to 488p as did Midland, to 338p. Elsewhere, First National Finance Corporation set forward a fraction to 384p following further speculative support.

Breweries took a modest turn for the better, although late settlement was not helped by the aggression from the Brewers' Society that the 1982 beer market will decline by at least between 2 and 3 per cent.

Buildings were unable to shake off recent lethargy, but the time improved and the leaders managed small gains. The prospect of cheaper mortgages stimulated support for selected householding issues and Barrat Developments firmed 3 to 240p, while William Leech put on 4 to 82p and Bryant Holdings 2 to 51p.

Although ICI's full-year profits were deemed satisfactory, the shares, as high as 332p early on and standing at 320p prior to the announcement, reacted to 320p on initial disappointment on the bullish statement on current trading before steadying up to close 2 dearer on balance at 328p.

Fraser up late The late announcement yesterday of Sir Hugh Fraser's resignation from the board induced fresh hopes about another bid for House of Fraser which, after easing to 184p in the early trade, rallied to 184 1/4 on the day at 17:00; Loughborough, which protracted bid battle with Fraser before being its offer vetoed by the Monopolies Commission,

to 56p following the chairman's interim statement. Further speculative interest lifted Amos Hinton 10 to a peak of 320p,

Rock Darham better Rock Darham continued firmly in miscellaneous industrials, improving 2 for a two-day advance of 4 to 16p on news of a large shareholding changing hands which led to hopes of a shell operation. Bid copies being sent to the company's Laundry to add 2 to 67p, while Hoover A firmed 3 to 53p on recovery hopes in the wake of the poor results.

Motor Distributors eased again, scattered selling and lack of support clipping 3 from Lex 250p but Unilever shaded that much to 650p; the latter's results are due next Tuesday.

Renewed speculative interest on bid hopes prompted a gain of 4 to 81p in Zetters.

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finished a penny down, at 117p, after 119p. Scattered losses in Textiles included Coats Patons, 3 cheaper at 61p, and Parkland A, a similar amount off at 39p.

Reflecting the encouraging tenor of the annual report, Imperia Group traded firmly and closed only a shade below the best with a gain of 2 at 64p. Bats, in contrast, finished 3 down at 428p, after touching 437p in the early dealings.

Gold rise afresh Golds made further progress reflecting the recovery in the bullion price which touched \$388 per ounce before closing at \$386.25, up 2.5. The Gold Mines rose 7.3 to 265.3. Sentiment was also helped by the continued strength of the Financial Rand and interest rate optimism, although price rises were sometimes exaggerated by stock shortages.

Heavyweights again finished with gains ranging to a point, such as Hartbeest, £231, and President Steyn, £141, while President Brand firmed 1 to £141.

Among secondary issues, Stillfontein, 688p, and Doornfontein, 751p, added 25 pence and Grootevlei improved 21 to 353p.

South African Financials were quietly traded and closed below the best in most cases, but 'Amgold' retained a rise of 1/2 at 258.

Australians treaded lower, reflecting overnight selling in domestic markets. MIM, which announced a major rights issue earlier in the week, lost 5 more to 155p. Bond Corp. succumbed to selling on fears about the company's financial footing and fell 18 to 30p, after 87p; Mr Alan Bond is expected to make a statement in Perth.

Renison also became a particularly unsettled market following the acutely disappointing first-half figures and plummeted 35 to 185p, with the Deferred 45 off at 110p.

TransCanada Pipeline mortgage bond The coupon on the first mortgage TransCanada Pipeline bonds is 16.5 per cent per annum payable semi-annually on March 1 and September 1. The first coupon payment is due on September 1, 1982 and will be \$5.4628 per cent per £100 principal amount of bonds.

As reported on Tuesday the coupon and issue price for the company's £25m unsecured notes were set to provide a yield of 2.5 per cent over the 13.5 per cent Treasury Stock 2004-08. Also the issue price in respect of the notes is £38.534 per cent per £100 principal with £20 per cent payable on acceptance on February 26 and the balance of £18.534 per cent on May 20.

EQUITIES

Table of equity prices with columns for Issue Price, Last Price, High, Low, and Stock Name.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue Price, Last Price, High, Low, and Stock Name.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue Price, Last Price, High, Low, and Stock Name.

ACTIVE STOCKS

Table of active stocks with columns for Stock Name, Price, and Change.

WEDNESDAY'S ACTIVE STOCKS

Table of Wednesday's active stocks with columns for Stock Name, Price, and Change.

OPTIONS

Table of options with columns for Stock Name, Price, and Change.

FINANCIAL TIMES STOCK INDICES

Table of financial times stock indices with columns for Index Name, Feb 26, Feb 25, Feb 24, Feb 23, Feb 22, Feb 21, Feb 20, Feb 19, Feb 18, Feb 17, Feb 16, Feb 15, Feb 14, Feb 13, Feb 12, Feb 11, Feb 10, Feb 9, Feb 8, Feb 7, Feb 6, Feb 5, Feb 4, Feb 3, Feb 2, Feb 1, Jan 31, Jan 30, Jan 29, Jan 28, Jan 27, Jan 26, Jan 25, Jan 24, Jan 23, Jan 22, Jan 21, Jan 20, Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, Jan 14, Jan 13, Jan 12, Jan 11, Jan 10, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1, Dec 31, Dec 30, Dec 29, Dec 28, Dec 27, Dec 26, Dec 25, Dec 24, Dec 23, Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, Nov 30, Nov 29, Nov 28, Nov 27, Nov 26, Nov 25, Nov 24, Nov 23, Nov 22, Nov 21, Nov 20, Nov 19, Nov 18, Nov 17, Nov 16, Nov 15, Nov 14, Nov 13, Nov 12, Nov 11, Nov 10, Nov 9, Nov 8, Nov 7, Nov 6, Nov 5, Nov 4, Nov 3, Nov 2, Nov 1, Oct 31, Oct 30, Oct 29, 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21, Jun 20, Jun 19, Jun 18, Jun 17, Jun 16, Jun 15, Jun 14, Jun 13, Jun 12, Jun 11, Jun 10, Jun 9, Jun 8, Jun 7, Jun 6, Jun 5, Jun 4, Jun 3, Jun 2, Jun 1, May 31, May 30, May 29, May 28, May 27, May 26, May 25, May 24, May 23, May 22, May 21, May 20, May 19, May 18, May 17, May 16, May 15, May 14, May 13, May 12, May 11, May 10, May 9, May 8, May 7, May 6, May 5, May 4, May 3, May 2, May 1, Apr 30, Apr 29, Apr 28, Apr 27, Apr 26, Apr 25, Apr 24, Apr 23, Apr 22, Apr 21, Apr 20, Apr 19, Apr 18, Apr 17, Apr 16, Apr 15, Apr 14, Apr 13, Apr 12, Apr 11, Apr 10, Apr 9, Apr 8, Apr 7, Apr 6, Apr 5, Apr 4, Apr 3, Apr 2, Apr 1, Mar 31, Mar 30, Mar 29, Mar 28, Mar 27, Mar 26, Mar 25, Mar 24, Mar 23, Mar 22, Mar 21, Mar 20, Mar 19, Mar 18, Mar 17, Mar 16, Mar 15, Mar 14, Mar 13, Mar 12, Mar 11, Mar 10, Mar 9, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Mar 3, Mar 2, Mar 1, Feb 28, Feb 27, Feb 26, Feb 25, Feb 24, Feb 23, Feb 22, Feb 21, Feb 20, Feb 19, Feb 18, Feb 17, Feb 16, Feb 15, Feb 14, Feb 13, Feb 12, 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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allied Finance Unit Trust, and others, including their names, managers, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts with columns for Name, Manager, and various performance indicators like Total Return, Dividend Yield, and Net Asset Value.

Table listing insurance and property bonds, including companies like Abbey Life Assurance, Allianz, and others, with details on their products and terms.

NOTES: Information regarding the accuracy of the data, the source of the information, and other relevant details for investors.

Additional notes and commentary related to the unit trust information, possibly including market analysis or specific fund highlights.

INDUSTRIALS—Continued

Table of industrial stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

LEISURE

Table of leisure stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

PROPERTY—Continued

Table of property stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and various manufacturing firms.

OIL AND GAS—Continued

Table of oil and gas stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

DAIWA BANK logo and contact information: Head Office: Osaka, Japan; London Branch: Tel: (01) 588-0341; Frankfurt Branch: Tel: (061) 55 02 31.

MINES—Continued

Table of mine stock prices including companies like Anglo American, De Beers, and various mining firms.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

SHIPPING

Table of shipping stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

SHOES AND LEATHER

Table of shoes and leather stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

SOUTH AFRICANS

Table of South African stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

TEXTILES

Table of textiles stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

PROPERTY

Table of property stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

TOBACCO

Table of tobacco stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

OVERSEAS TRADERS

Table of overseas traders stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

RUBBERS AND SISALS

Table of rubbers and sisals stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

TEAS

Table of teas stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

India and Bangladesh

Table of India and Bangladesh stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

MINES

Table of mines stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

Central Rand

Table of Central Rand stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

Eastern Rand

Table of Eastern Rand stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

Far West Rand

Table of Far West Rand stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

O.F.S.

Table of O.F.S. stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

Finance

Table of finance stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

Diamond and Platinum

Table of diamond and platinum stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price-earnings ratios and covers are based on the latest available figures. Dividends are shown in pence and are based on the latest available figures. Dividends are shown in pence and are based on the latest available figures.

REGIONAL MARKETS

Table of regional market stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

OPTIONS

Table of options stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

INSURANCE

Table of insurance stock prices including companies like British Airways, British Petroleum, and various manufacturing firms.

